

JOHN N. HUGHES
ATTORNEY AT LAW
PROFESSIONAL SERVICE CORPORATION
124 WEST TODD STREET
FRANKFORT, KENTUCKY 40601

TELEPHONE: (502) 227-7270

JNHUGHES@fewpb.net

RECEIVED

MAR 27 2015

PUBLIC SERVICE
COMMISSION

March 27, 2015

Jeff Derouen
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

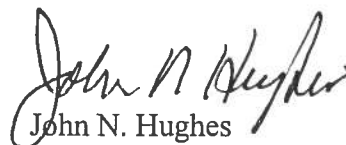
Re: Case No. 2014-00342

Dear Mr. Derouen:

Mountain Water District submits its responses to the Commission's third data request and the Attorney General's supplemental data request, consisting of the original and ten copies each.

I certify that I am the attorney supervising the preparation of these Responses on behalf of the Mountain Water District and that the Responses and attachments are true and accurate to the best of my knowledge, information and belief formed after reasonable inquiry with the witnesses providing the information and documents.

A copy of these responses has been delivered to the Attorney General's Office of Rate Intervention.



John N. Hughes
124 West Todd St.
Frankfort, KY 40601
(502) 227 7270
jnhughes@fewpb.net

Attorney for Mountain Water District

AFFIDAVIT

COMMONWEALTH OF KENTUCKY)
COUNTY OF PIKE) SS

Affiant, **Roy Sawyers**, in his capacity as Mountain Water District Administrator, appearing personally before me, a notary public, for and of the Commonwealth of Kentucky, and after being first duly sworn, deposes, states, acknowledges, affirms and declares that he is authorized to submit this Response on behalf of Mountain Water District, and that the information contained in the Response is true and accurate to the best of his knowledge, information and belief, after a reasonable inquiry, and so to those matters that are based on information provided to him, he believes to be true and correct.

Roy B. Sawyers
Roy Sawyers, MWD Administrator

This instrument was produced, signed, acknowledged and declared by **ROY SAWYERS**, in his capacity as Mountain Water District Administrator, to be his act and deed the 23rd day of March, 2015.

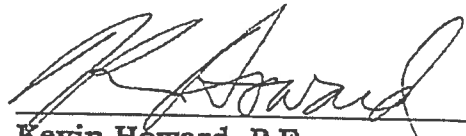
Tammy Olson
Notary Public
Registration No: 457689

My Commission Expires: January 16, 2016.

AFFIDAVIT

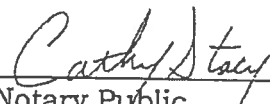
COMMONWEALTH OF KENTUCKY)
) SS
COUNTY OF _____)

Affiant, **Kevin Howard, P.E.**, appearing personally before me, a notary public, for and of the Commonwealth of Kentucky, and after being first duly sworn, deposes, states, acknowledges, affirms and declares that he is authorized to submit this Response on behalf of Mountain Water District, and that the information contained in the Response is true and accurate to the best of his knowledge, information and belief, after a reasonable inquiry, and so to those matters that are based on information provided to him, he believes to be true and correct.

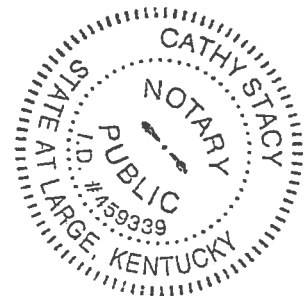


Kevin Howard, P.E.

This instrument was produced, signed, acknowledged and declared by **KEVIN HOWARD, P.E.**, to be his act and deed the 23rd day of MARCH, 2015.

 3-23-15
Notary Public
Registration No: 459339

My Commission Expires: 1-30-16



AFFIDAVIT

COMMONWEALTH OF KENTUCKY)
COUNTY OF Pike) SS

Affiant, **Michael Spears**, in his capacity as Certified Public Accountant for Mountain Water District, appearing personally before me, a notary public, for and of the Commonwealth of Kentucky, and after being first duly sworn, deposes, states, acknowledges, affirms and declares that he is authorized to submit this Response on behalf of Mountain Water District, and that the information contained in the Response is true and accurate to the best of his knowledge, information and belief, after a reasonable inquiry, and so to those matters that are based on information provided to him, he believes to be true and correct.

Michael Spears
MICHAEL SPEARS, CPA FOR MWD

This instrument was produced, signed, acknowledged and declared by **MICHAEL SPEARS**, in his capacity as Certified Public Accountant for Mountain Water District, to be his act and deed the 23rd day of MARCH, 2015.

Jeffrey S. Reed
Notary Public
Registration No: 223094

My Commission Expires: 7-11-15.

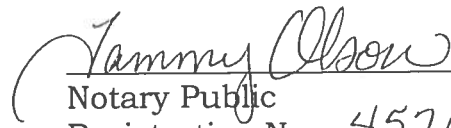
AFFIDAVIT

COMMONWEALTH OF KENTUCKY)
COUNTY OF Pike) SS

Affiant, **Grondall Potter**, in his capacity as Utility Management Group Project Manager, appearing personally before me, a notary public, for and of the Commonwealth of Kentucky, and after being first duly sworn, deposes, states, acknowledges, affirms and declares that he is authorized to submit this Response on behalf of Mountain Water District, and that the information contained in the Response is true and accurate to the best of his knowledge, information and belief, after a reasonable inquiry, and so to those matters that are based on information provided to him, he believes to be true and correct.


GRONDALL POTTER, UMG Project Manager

This instrument was produced, signed, acknowledged and declared by **GRONDALL POTTER**, in his capacity as Utility Management Group Project Manager, to be his act and deed the 23rd day of March, 2015.


Notary Public
Registration No: 457689

My Commission Expires: January 16, 2016.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

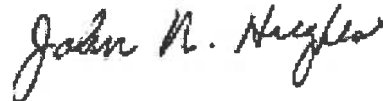
In the Matter of:

APPLICATION OF MOUNTAIN)
WATER DISTRICT FOR)
AN ADJUSTMENT OF WATER AND)
SEWER RATES)

Case No. 2014-00342

**RESPONSES TO ATTORNEY GENERAL
SUPPLEMENTAL DATA REQUEST**

SUBMITTED BY:



John N. Hughes
124 W. Todd St.
Frankfort, KY 40601
502 227 7270
jnhughes@fewpb.net

and

Daniel P. Stratton
Stratton Law Firm PSC
Post Office Box 1530
Pikeville, Kentucky 41502
Telephone: (606) 437-7800
Facsimile: (606) 437-7569
dpstratton@setel.com

Attorneys for Mountain
Water District

CASE : Mountain Water District

CASE NO : 2014-00342

RE : Atty General Second Data Request

Q 1. Please reference the current pending Mountain Water District ("MWD") Case No. 2014-00395 to appoint two Water District Commissioners. In reference to the Appalachian News Express article entitled "Documents: MWD board candidate didn't make disclosure to Kentucky PSC" in the February 7-8, 2015 edition please explain if MWD intends to amend the candidates' applications.

- a. Specifically, explain if MWD intends to amend Mr. Hurley's information where he states "none" for contracts he has entered into with MWD.
- b. Also indicate if MWD intends to amend Mr. Hurley's information where he states he is not related to any MWD employee/commissioner.
- c. Provide any further information that MWD intends to amend. If no amendment will be submitted, explain why in full detail.

WITNESS : Sawyers.

RESPONSE : 1

Mr. Eddie Hurley was not nominated by the MWD Board, but was nominated by William Deskins, the new Pike County Judge Executive. You will need to check the Public Service Commission records to determine whether or not Mr. Hurley amended his information or not.

Since these questions have been submitted, Mr. Hurley and Mr. Michael Blackburn, the two candidates nominated by Judge Executive Deskins, have been appointed to serve on the Commission.

RESPONSE : 1(a)

See Response No: 1.



RESPONSE : 1(b)

See Response No: 1.

RESPONSE : 1(c)

See Response No: 1.



CASE : Mountain Water District

CASE NO : 2014-00342

RE : Atty General Second Data Request

Q 2. Please reference the Company's response to AG 1-50 where MWD states, "In each of the four major contract negotiations with UMG ("Utility Management Group"), being 2005, 2008, 2011 and 2014, MWD has asked for audited financial statements from UMG, but UMG has declined to provide the same, and since it was not provided for in the contract, they do not have to provide it."

- a. Please explain in full detail why MWD would continue to approve multimillion dollar sewer and water contracts that do not contain language requiring the vendor, UMG, to produce audited financial statements as to the operation of the contract and details as to expenditures made under the contract. Please explain in full detail why MWD has not engaged in a bidding process for the water and sewer contracts to determine if there are lower cost options.
- b. Please explain in full detail why MWD has not engaged in a bidding process for the water and sewer contracts in order to work with a Company that will provide requested audited financial statements and be open and transparent concerning the costs that the ratepayers are paying.
- c. If MWD has not audited UMG's financials then how does it know that the funds are not being mismanaged, misapplied, misused, allocated to MWD incorrectly versus the other clients of UMG, etc.?
- d. Why has MWD not sought to amend the original contract that requires UMG to provide audited financial documents to MWD in all of the negotiations that have occurred since 2005?

WITNESS : Sawyers. Information provided by local counsel.

RESPONSE : 2(a)

First, let me clarify that the audit in question, is an audited financial statement for UMG, the company, as opposed to an audit of MWD's financial statements under which UMG's contract fees are an expense. The purpose of requesting an audited financial statement from UMG was to help verify its financial stability. During the course of negotiations for all the contracts, the request for an audit of UMG was declined. The Board at that time, did not believe that the failure to produce an audit was a "deal breaker", and therefore, conceited that point in negotiations. Each of the contract negotiations for 2008, 2011 and 2014, have been an extension of the prior contract(s), and the contract was not rebid, because to have cancelled the UMG contract, would have required MWD to pay funds outstanding on various loans that UMG had made to MWD. These were self-forgiving loans that were "amortized" over a period of time. If the contract was terminated, then the balance due would have to be paid. Otherwise, but for the District's financial position, MWD was satisfied with UMG's performance of the contract.

RESPONSE : 2(b)

See Response No: 2(a).

RESPONSE : 2(c)

MWD's contract with UMG is a fee for services contract, under which they agree to assume the responsibility of operating MWD along with most of the operational expenses. MWD's Administrator provides oversight of the operations to insure that the project is being managed appropriately. MWD's Financial Administrator provides oversight of the expenses and cash flow. The only variable expense, over and above the fixed fee contract, is the repair and maintenance budget, which is reviewed carefully by MWD's Administrator and Financial Administrator.

RESPONSE : 2(d)

For the same reasons referenced above, UMG has declined to provide audited financial statements, and the various Boards throughout the tenure of this contract, did not believed that the contract should be terminated over the failure to produce audited financial statements.

CASE : Mountain Water District

CASE NO : 2014-00342

RE : Atty General Second Data Request

Q 3. Please reference the Company's application generally. What expertise does the MWD Board of Directors/Water Commissioners possess that would allow them to determine whether or not the UMG contract is excessive, fair, just, or reasonable?

- a. Do any members of the MWD Board of Directors/Water Commissioners have financial expertise that would assist in contract negotiations with UMG or any other contractor?
- b. Does MWD independently know how much it costs to operate the water district or does it merely rely upon UMG's contract?

WITNESS : Sawyers.

RESPONSE : 3(a)

Members who have constituted the Board of MWD have changed over the years. Prior Boards up until now, have had a certified CPA, being Mike Litafik and Rhonda James, the latter being the former Chair of the Board for a number of years. Current Board member, Prentis Adkins, is an owner/operator of an auto supply business with three (3) locations throughout the county. John Collins, the former Vice Chairman who was just replaced, is a former Administrator for the Pike County School Board, and a former Deputy Judge Executive of the Pike County Fiscal Court. Ancie Casey is an Administrator for the Pike County School Board. He has also been an independent business man, having run various businesses throughout his career in Pike County. Kelsey Friend, III, is an electrician for a highly respected general contractor.

The two new members recently appointed are Mike Blackburn, who is a Senior Executive with a major coal corporation in the region. Eddie Hurley is a well-known entrepreneur, who has owned and operated multiple million dollar businesses.

All past and current members have had extensive business experience in either the public or private sector.

RESPONSE : 3(b)

This request was previously answered in PSC's Second Data Request, Question No's 22 and 23. MWD does not know exactly how much it would cost to operate the District as there are unknown cost it would have to assume, even health insurance and pension liability. We do not rely solely on UMG's contract as it has a profit margin built into the price.

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 4 Please reference the Company's application generally. Provide the amount of profit that UMG collects from the MWD contract.

Q 4(a) Is MWD provided the amount of profit that UMG realizes from the MWD contract? If so, provide this information. If not, why not?

WITNESS: Meyer

RESPONSE: Revenue from Mountain Water District for the test year was \$7,031,438; total expenses amounted to \$6,913,938 (\$6,900,622 in total operations expenses plus 13,316 in hand tools expense that was classified as a Repair & Maintenance item); this results in a profit of \$117,500. Please refer to attachment Exhibit 4(a).

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Attorney General Second Data Request

EXHIBIT 4(a)

MWD Financial Statement
 For 12 Periods from 7/1/2013 to 6/30/2014
 Consolidated All Departments

SCHEDULE 2. b.

	6 Periods End 6/30/2014	12 Periods End 12/31/2013	6 Periods End 6/30/2013	12 Periods From 7/1/2013 To 6/30/2014
Revenue				
O&M Revenue	3,507,271	6,893,185	3,372,784	7,027,672
Miscellaneous Revenue	1,253	6,453	3,940	3,766
Total Revenue	3,508,524	6,899,638	3,376,724	7,031,438
Expenses				
Payroll and Administrative				
S&W: Regular MWD Adm	791,337	1,612,676	794,599	1,609,414
S&W: Overtime MWD Adm	44,129	78,280	36,484	85,925
S&W: Paid Leave MWD Adm	93,724	225,124	96,577	222,271
FICA Expense	68,436	140,973	67,930	141,479
FUTA Expense	1,760	6,948	1,715	6,993
SUI Expense	14,074	17,076	13,313	17,837
Health Ins Expense	179,561	400,406	204,311	375,656
Life Insurance expense	3,677	7,635	3,850	7,462
LTD Expense	3,273	6,902	3,460	6,715
401K Expense	27,570	53,524	26,572	54,522
Training Fees & Tuition	2,420	7,774	4,689	5,505
Travel: Lodging	1,755	5,581	2,405	4,931
Travel: Meals/Ent:	2,562	5,112	2,429	5,245
Travel: Mileage	122	1,398	665	855
Vehicle lease expense	30,192	79,555	40,441	69,306
Vehicle: Gasoline	89,342	173,186	87,566	174,962
Vehicle Diesel	20,644	33,967	18,142	36,469
Vehicle Loan Interest	0	235	235	0
Vehicle Misc	126	2,100	169	2,057
Office Rent	540	1,110	560	1,090
Office Equipment Lease	3,502	7,274	3,523	7,253
Office Supplies	13,232	37,149	18,451	31,930
Clean/Janitorial Expense	10,877	19,469	10,254	20,092
Postage Expense	43,798	117,301	49,889	111,210
Prof Fees Acct	0	749	0	749
Prof Fees Other	25,309	45,368	22,736	47,941
ins: General Liability	83,248	123,535	57,710	149,073
Insurance: Auto	0	33,917	18,500	15,417
Insurance: W/C	11,811	43,614	19,719	35,706
Telephone: Offices	7,873	5,198	1,335	11,736
Telephone: Mobile	5,202	17,882	9,236	13,848
Telephone: Other	944	1,695	729	1,910
Security Services	219	5,576	5,336	459
Total Payroll and Admin.	1,581,259	3,318,289	1,623,530	3,276,018
Direct Operations				
Uniforms	9,476	35,068	18,047	26,497

MWD Financial Statement
For 12 Periods from 7/1/2013 to 6/30/2014
Consolidated All Departments

	6 Periods End	12 Periods End	6 Periods End	12 Periods
	6/30/2014	12/31/2013	6/30/2013	From 7/1/2013 To 6/30/2014
Safety Supplies	8,494	14,815	7,035	16,274
Laboratory Supplies	614	4,195	1,830	2,979
Laboratory Testing	19,553	32,334	14,716	37,171
Other Outside Services	2,400	996	996	2,400
Coagulants	0	11,499	11,499	0
Carbon	802	0	0	802
Disinfectants	33,043	46,565	24,658	54,950
Fluoride	9,096	8,813	0	17,909
Polymers	7,373	4,700	3,760	8,313
Dechlorination Agents	9,995	9,140	5,294	13,841
Nitronox	7,213	8,104	4,047	11,270
Other Chemicals	20,151	80,300	37,474	62,977
Purchased Water	558,401	1,090,181	533,923	1,114,659
Electric	574,837	1,051,856	464,043	1,162,650
Sewage Fees	83,680	162,967	83,133	163,514
Solid Waste	6,805	735	735	6,805
Capital Expenditure	0	867	867	0
Total Direct Operations	1,351,933	2,563,135	1,212,057	2,703,011

Corporate and Other Expenses

Corporate Overhead	214,307	490,765	237,145	467,927
Corporate Fee	150,000	300,000	150,000	300,000
Bank/Finance charges	14	94	82	26
Depreciation Expense	9,534	35,479	15,980	29,033
Amortization Expense	37,742	113,227	33,333	117,636
Dues/Subscriptions	693	2,185	990	1,888
Contributions	0	100	0	100
Public Relations	0	310	310	0
Physical Exams	606	1,581	479	1,708
Miscellaneous Expense	-158	6,025	2,592	3,275
Total Corporate and Other Expenses	412,738	949,766	440,911	921,593

Total Expenses	3,345,930	6,831,190	3,276,498	6,900,622
Net Income from Operation:	162,594	68,448	100,226	130,816

Repair & Maintenance

R&M Revenue	-355,355	-658,717	-282,000	-732,072
Depart. R&M	356,765	658,717	257,043	758,439
Hand Tools	7,680	12,527	6,891	13,316
Total Repair & Maintenance	9,090	12,527	-18,066	39,683

Net Income (Loss)	153,504	55,921	118,292	91,133
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Q 5 Please reference the Company's response to AG 1-55. Explain why Roy Sawyers' salary was raised from \$31,499.95 to \$55,999.92 between 2011 and 2012? Provide justification for this salary increase.

Q 5(a) Provide justification and reasoning for Roy Sawyers salary almost doubling between the years of 2011 and 2015, from \$31,499.95 to \$61,200.00?

WITNESS: Sawyers

RESPONSE: The District Administrator was hired in June of 2011. So therefore the \$31,499.95 was only for 7 months.

Q 5(b) Explain the justification for Carrie Hatfield being hired in 2012 at a \$52,000 salary as the Financial Administrator, when the District Administrator was hired in 2011 at \$31,499.95?

WITNESS: Sawyers

RESPONSE: Please see response to 5(a).

CASE : Mountain Water District

CASE NO : 2014-00342

RE : Atty General Second Data Request

Q 6. Please reference the Company's response to AG 1-54. Explain why "it has not yet been determined whether or not MWD will open the contract up for competitive bidding..." when the UMG Contract ends in 2016.

- a. Please explain any justifiable reason for MWD not to engage in a competitive bidding process in order to determine the least cost option for its customers/ratepayers?

WITNESS : Sawyers.

RESPONSE : 6(a)

When the UMG contract ends in 2016, MWD will basically have three (3) options to consider: 1) re-negotiate the contract with UMG; 2) open the process up for bidding; or 3) revert back to managing operations in house. MWD has two (2) new members appointed to the Board (Eddie Hurley and Mike Blackburn), who have not yet attended a meeting. One current Board member will be up for re-appointment in July of this year, and no one knows the status of his reappointment. It would be presumptuous of anyone to assume what the Board will propose when that time comes, based on the fact that it has two new members and unsure of the status of the reappointment in July.

Q 7 Please reference the Company's response to AG 1-3(b). The answer provided is non-responsive. Provide in detail the water and sewer rate increases that occurred due to the loan agreements. In other words, provide all water and sewer rate increases that have occurred since MWD's last general rate case in 1997.

Q 7(a) Provide the amount of revenue increase due to each loan agreement.

WITNESS: Spears

RESPONSE: Attached are the portions of the applications in Case Nos. 2005-00436, 2006-00438 and 2008-00052 that include the total revenue requested for the loans.

Q 7(b) Provide the water and sewer rates were before the proposed increase.

WITNESS: Spears

RESPONSE: The attached applications include the current and proposed rates for each case filing.

Q 7(c) Provide the rates after the increase, and the month and year that each increase took effect.

WITNESS: Spears

RESPONSE: The response in AG 1-3 contains the final orders in each of these cases, which include the approved rates and the effective dates of the rate increases.

Exhibit 7

Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

October 5, 2006

RECEIVED

OCT 6 2006

PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Case No. 2006-00438

Re: Mountain Water District - KRS 278.023 Application

Dear Ms. O'Donnell:

Enclosed please find the original and ten (10) copies of the Application of the Mountain Water District for a Certificate of Public Convenience and Necessity to construct, finance and increase rates pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069, with the exception of the **Preliminary and Final Engineering Reports, of which two (2) copies will be forwarded under separate cover.**

If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By 
W. Randall Jones

WRJ:jlm
Enclosures
cc: Distribution List

DISTRIBUTION LIST

Account No. 2286.0000

Re: Mountain Water District Sewer System Revenue Bonds, Series 2006, in the principal amount of \$650,000 (Cowpen Sewer Project)

Mr. Kenneth Slone, State Director
Rural Development
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5744

Phone: (859) 224-7336
Fax: (859) 224-7425

Mr. Ronnie Brooks
Rural Development
220 West First Street
Morehead, Kentucky 40351

Phone: (606) 784-6447
Fax: (606) 784-2076

Mr. Will Brown, Superintendent
Mountain Water District
P.O. Box 3157
Pikeville, Kentucky 41502-3157

Phone: (606) 631-9162
Fax: (606) 631-3087

Mr. Doug Griffin
Kenvirons, Inc.
452 Versailles Road
Frankfort, Kentucky 40601

Phone: (502) 695-4357
Fax: (502) 695-4363

Daniel Stratton, Esq.
Stratton, Hogg & Maddox, P.S.C.
P.O. Box 1530
Pikeville, Kentucky 41502-1530

Phone: (606) 437-7800
Fax: (606) 437-7569

W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202

Phone: (502) 569-7534
Fax: (502) 569-7555

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

OCT 6 2006

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF MOUNTAIN)
WATER DISTRICT FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND)
NECESSITY TO CONSTRUCT, FINANCE AND)
INCREASE RATES PURSUANT TO KRS 278.023)

CASE NO. 2006-00438

APPLICATION

This Application of the Mountain Water District ("Applicant") respectfully shows:

1. That Applicant is a water district of Pike County, Kentucky, created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.

2. That the post office address of Applicant is:

Mountain Water District
c/o Mr. Will Brown, Manager
P.O. Box 3157
Pikeville, Kentucky 41502-3157

3. That Applicant, pursuant to the provisions of KRS 278.020 and 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting Applicant to construct a sewer construction project, consisting of extensions, additions, and improvements (the "Project") to the existing sewer system of Applicant; (ii) an Order approving increased rates; and (iii) approval of the proposed plan of financing said Project.

4. That the project consists of the extension of sewer service to the residents of Cowpen Creek and Harmons Branch and the redirection of sewer flow from the Mossy Bottom sewer treatment plant to the City of Pikeville treatment plant.

5. That Applicant proposes to finance the construction of the Project through (i) the issuance of \$650,000 of its Sewer System Revenue Bonds; (ii) a Rural Development ("RD") grant in the amount of \$250,000; (iii) an Environmental Protection Agency ("EPA") grant in the amount of \$967,800; and (iv) a contribution from the City of Pikeville in the amount of \$143,120. Applicant has a commitment from RD to purchase said \$650,000 of bonds maturing over a 40-year period, at an interest rate of not exceeding 4.25% per annum, as set out in the RD Letter of Conditions filed herewith as an Exhibit.

6. That Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Public Service Commission.

7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:

- A. Copy of RD Letter of Conditions.
- B. Copy of RD Letter of Concurrence in Contract Award.
- C. Copy of Preliminary and Final Engineering Reports.
- D. Certified statement from the Chairperson of Applicant, based upon statements of the Engineers for Applicant, concerning the following:
 - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4 (3) and (4); Section 5 (1); Sections 6 and 7; Section 8 (1) through (3); Section 9 (1) and Section 10;
 - (2) All other state approvals or permits have already been obtained;
 - (3) The proposed rates of Applicant shall produce the total revenue requirements set out in the engineering reports; and
 - (4) Setting out the dates when it is anticipated that construction will begin and end.

8. That Applicant has arranged for the publication, prior to or at the same time this Application is filed, of a Notice of Proposed Rate Change pursuant to Section 2 of 807 KAR 5:069, in the Appalachian News-Express, which is the newspaper of general circulation in Applicant's service area and in Pike County, Kentucky. Said Notice sets out the current rates and the proposed rates of Applicant and a short description of the Project. A copy of said Notice is filed herewith as an Exhibit.

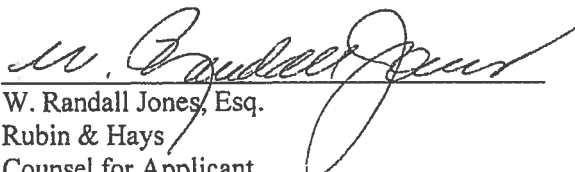
9. That the foregoing constitutes the documents necessary to obtain the approval of the Kentucky Public Service Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Filing Requirements" specified in 807 KAR 5:069, Section 1.

WHEREFORE, Applicant, the Mountain Water District asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a sewer project consisting of extensions, additions, and improvements to the existing sewer system of Applicant.
- b. An Order approving the financing arrangements made by Applicant, viz., the issuance of (i) \$650,000 of Mountain Water District Sewer System Revenue Bonds at an interest rate of not exceeding 4.25% per annum; (ii) an RD grant in the amount of \$250,000; (iii) an EPA grant in the amount of \$967,800; and (iv) a contribution from the City of Pikeville in the amount of \$143,120.
- c. An Order approving the proposed increased rates as set out in Section 26 of the RD Letter of Conditions, filed herewith as an Exhibit.

Mountain Water District

By: 
Chairperson
Board of Water Commissioners


W. Randall Jones, Esq.
Rubin & Hays
Counsel for Applicant
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525





United States Department of Agriculture
Rural Development
Kentucky State Office

December 20, 2005

Ms. Toni Akers, Chairperson
Mountain Water District
P.O. Box 3157
Pikeville, Kentucky 41502

Dear Ms. Akers:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan and/or grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$650,000, a RUS grant not to exceed \$250,000, and an Environmental Protection Agency (EPA) grant in the amount of \$967,800.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 240 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7300 • Fax: (859) 224-7425 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities.

USDA is an equal opportunity provider, employer and lender.

To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).

1. Number of Users and Their Contribution:

There shall be 2,174 sewer users, of which 2,073 are existing users and 101 are new users. The Area Director will review and authenticate the number of users prior to advertising for construction bids. No contribution is required from the District.

1a. Grant Agreement:

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

1b. Drug-Free Work Place:

Prior to grant approval, the District will be required to execute Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals."

2. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the bond. Principal payment will not be deferred for a period in excess of two years from the date of the bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

3. Recommended Repayment Method:

Payments on this loan can be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form SF 5510, "Authorization Agreement for Preauthorized Payments," should be signed by the District to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

4. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance and repairs and assist with debt service should the need arise.

The District will be required to deposit \$290.00 per month into a "Funded Depreciation Reserve Account" until the account reaches \$34,800. The deposits are to be resumed any time the account falls below the \$34,800.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the District's prior bond ordinances.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

The District also needs to fund an account for short-lived assets by depositing a sum of \$2,925 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's utility system.

5. Security Requirements:

A pledge of gross ^{sewer}water revenue will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds, if possible. If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

6. Land Rights and Real Property:

The District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

7. Organization:

The District will be legally organized under applicable KRS which will permit them to perform this service, borrow and repay money.

8. Business Operations:

The District will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the District after review by Rural Development. At no later than loan pre-closing, the District will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, bookkeeping, making and delivering required reports and audits.

9. Accounts, Records and Audits:

The District will be required to maintain adequate records and accounts and submit statistical and financial reports, quarterly and annually, in accordance with subsection 1780.47 of RUS Instruction 1780 and RUS Staff Instruction 1780-4, a copy of which is enclosed. The enclosed audit booklet will be used as a guide for preparation of audits. The District will be required to establish and maintain separate accounts for each system. Annual audits, budgets, and reports will be submitted to Rural Development showing separate accounts. The District shall be required to submit a copy of its audit agreement for review and concurrence by Rural Development prior to pre-closing the loan.

10. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The District will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

11. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the District. The District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$723,000.
- D. Real Property Insurance - The District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

12. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "22" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.

- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
1. Final plans, specifications and bid documents.
 2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
 3. Legal Service Agreements.
 4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the District will obtain advance clearance from Bond Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

13. Civil Rights & Equal Opportunity:

You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

A. Section 504 of the Rehabilitation Act of 1973:

Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Rural Development financial assistance.

B. Civil Rights Act of 1964:

All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this Title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this Title.

C. The Americans with Disabilities Act (ADA) of 1990:

This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

D. Age Discrimination Act of 1975:

This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Rural Development financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

14. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the District.

15. Compliance with Special Laws and Regulations:

The District will be required to conform to any and all state and local laws and regulations affecting this type project.

16. Treatment Plant/System Operator:

The District is reminded that the treatment plant and/or system operator must have an Operator's Certificate issued by the State.

17. Prior to Pre-Closing the Loan, the District Will Be Required to Adopt:

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."
- G. RUS Bulletin 1780-22, "Eligibility Certification."

18. Refinancing and Graduation Requirements:

The District is reminded that if at any time it shall appear to the Government that the District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the District will apply for and accept such loan in sufficient amount to repay the Government.

19. Commercial Interim Financing:

The District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

20. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the District prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

During construction, the District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the District, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the District.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

Monthly audits of the District's construction account records shall be made by Rural Development.

21. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the District. Grant funds, upon receipt, must be deposited in an interest bearing account in accordance with 7 CFR part 3016 (as applicable). Interest earned on grant funds in excess of \$100 (as applicable) per year will be submitted to RUS at least quarterly.

22. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,461,400
Land and Rights	20,000
Legal and Administrative	25,000
Engineering	187,000
Interest	10,000
Contingencies	<u>164,400</u>
TOTAL	\$ 1,867,800

Financing:

RUS Loan	\$ 650,000
RUS Grant	250,000
EPA Grant	<u>967,800</u>
TOTAL	\$ 1,867,800

23. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the EPA grant in the amount of \$967,800.

24. Use of Remaining Project Funds:

After providing for all authorized costs, any remaining project funds will be considered to be RUS/EPA grant funds and refunded in proportion to participation in the project. If the amount of unused grant funds exceeds the grants, that part would be RUS loan funds.

25. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed loan repayment prior to this agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow, subject to completion of this project in the first full year of operation. Form RD 442-7, "Operating Budget," or similar form may be utilized for this purpose.

26. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the utility system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Sewer rates will be at least:

First	2,000 gallons @ \$	12.00 - Minimum Bill.
All Over	2,000 gallons @ \$	6.00 - per 1,000 gallons.

27. Compliance with the Bioterrorism Act:

Prior to pre-closing the loan, the District will provide a certification they have completed a Vulnerability Assessment (VA) and prepared an emergency response plan (ERP) as required by the Safe Drinking Water Act (SDWA).

28. Floodplain Construction:

The District will be required to pass and adopt a Resolution or amend its By-Laws whereby the District will deny any sewer service to any future customer wishing to build on or develop property located within a designated floodplain. If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the District and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

29. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated July 21, 2004 and updated June 21 2005, from Mr. Ronald W. Cook, Manager.
- B. The design and construction shall be in compliance with the requirements of the U.S. Fish and Wildlife Service as requested by letter dated March 9, 2005, and signed by Virgil Lee Andrews, Jr., Field Supervisor.
- C. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without affect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- D. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.

30. Final Approval Conditions:

Final approval of this assistance will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Area Director will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,


KENNETH SLONE
State Director

Enclosures

cc: Area Director - Morehead, Kentucky
Rural Development Manager - Prestonsburg, Kentucky
Big Sandy ADD - Prestonsburg, Kentucky
Daniel Stratton - Prestonsburg, Kentucky
✓ Rubin and Hays - Louisville, Kentucky
Kenvirons, Inc. - Frankfort, Kentucky
PSC - ATTN: Bob Amato - Frankfort, Kentucky



**United States Department of Agriculture
Rural Development
Kentucky State Office**

September 11, 2006

Ms. Toni Akers, Chairperson
Mountain Water District
P.O. Box 3157
Pikeville, Kentucky 41502

Re: Letter of Conditions Dated December 20, 2005

Dear Ms. Akers:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated December 20, 2005. The purpose of this amendment is to revise the project cost and funding sources as a result of a cost overrun and to revise the rate schedule.

The Second Paragraph on Page 1 is revised to read as follows:

“ This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$650,000; a RUS grant not to exceed \$250,000; an Environmental Protection Agency (EPA) grant of \$967,800; and a cash contribution from the City of Pikeville of \$143,120. ”

Paragraph numbered “22” is revised to read as follows:

“ 22. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,673,540
Land and Rights	20,000
Legal and Administrative	30,000
Engineering	193,700
Interest	10,000
Contingencies	<u>83,680</u>
TOTAL	\$ 2,010,920

Financing:

RUS Loan	\$ 650,000
RUS Grant	250,000
EPA Grant	967,800
City of Pikeville Cash Contribution	<u>143,120</u>
TOTAL	\$ 2,010,920 ”

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1400 Independence Avenue, SW, Washington, DC 20250-9410
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

Paragraph numbered "23" is revised to read as follows:

" 23. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the EPA grant in the amount of \$967,800 and for the City of Pikeville cash contribution in the amount of \$143,120. "

Paragraph numbered "26" is revised to read as follows:

" 26. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the sewer system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Sewer rates will be at least:

First 2,000 gallons @\$ 14.00 - Minimum Bill.
All Over 2,000 gallons @\$ 6.00 - per 1,000 gallons. "


Paragraph numbered "31" is added to read as follows:

" 31. Compliance with the Bioterrorism Act:

Prior to pre-closing the loan, the District will provide a certification they have completed a Vulnerability Assessment (VA) and prepared an emergency response plan (ERP) as required by the Safe Drinking Water Act (SDWA). "

All other provisions of the referenced Letter of Conditions remain in full force and unchanged.

Sincerely,


KENNETH SLONE
State Director

cc: Area Director - Morehead, Kentucky
Rural Development Manager - Prestonsburg, Kentucky
Big Sandy ADD - Prestonsburg, Kentucky
✓ Rubin and Hays - Louisville, Kentucky
Daniel Stratton - Prestonsburg, Kentucky
Kenvirons, Inc. - Frankfort, Kentucky
PSC - ATTN: Bob Amato - Frankfort, Kentucky





United States Department of Agriculture
Rural Development
Kentucky State Office

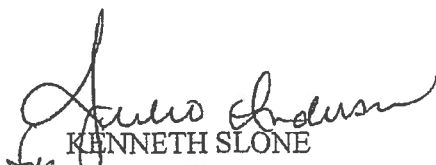
September 19, 2006

SUBJECT: Mountain Water District
Cowpen Sewer Extension
Contract Award Concurrence

TO: Area Director
Morehead, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder on Contract 1, US Rental and Construction, Inc., in the amount of \$975,150.00, and the low bidder on Contract 2, Music Construction, Inc., in the amount of \$369,390.00, and the purchase of grinder pumps from a pre-existing contract with E-One in the amount of \$329,000.00.

If you have any questions, please contact Julie Anderson, State Engineer, at (859) 224-7348.


KENNETH SLONE
State Director
Rural Development

cc: Kenvirons, Inc.
Frankfort, Kentucky

Rubin and Hayes
Louisville, Kentucky

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7300 • Fax: (859) 224-7425 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

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To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-8410 or call (202) 720-5964 (voice or TDD).



**CERTIFICATE OF CHAIRPERSON OF MOUNTAIN WATER
DISTRICT, AS TO STATEMENT REQUIRED
BY SECTION 1(5) OF 807 KAR 5:069**

I, Toni Akers, hereby certify that I am the duly qualified and acting Chairperson of the Mountain Water District, and that said District is in the process of arranging to finance the construction of extensions, additions and improvements to the existing sewer system of the District (the "Project"), in cooperation with Kenvirons, Inc., Frankfort, Kentucky, the Engineers for the District (the "Engineers").

Based on information furnished to me by said Engineers for the District, I hereby certify as follows:

1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have already been obtained.
3. That the rates proposed by the District in its current Application filed with the Kentucky Public Service Commission are contemplated to produce total revenue requirements set out in the Engineering Reports prepared by such Engineers and filed with the Public Service Commission.
4. That it is now contemplated that construction of the Project will begin on or about October 30, 2006, and will end on or about May 30, 2007.

IN TESTIMONY WHEREOF, witness my signature this September 27, 2006.



Chairperson
Mountain Water District

STATE OF KENTUCKY

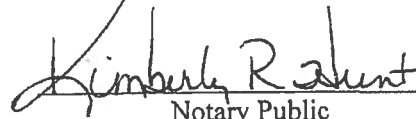
)

COUNTY OF PIKE

) SS

)

Subscribed and sworn to before me by Toni Akers, Chairperson of the Board of Commissioners of the Mountain Water District, on this September 27, 2006.



Notary Public
In and For Said State and County

10-28-08



NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set out in 807 KAR 5:069, Section 2, notice is hereby given to the customers of the Mountain Water District of a change to the District's rate schedule as set forth herein. The proposed rate change is required by USDA, Rural Development in connection with a loan by RD to the District in the amount of \$650,000 to be evidenced by the issuance by the District of its Sewer System Revenue Bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising its sewer charges as set forth below:

Current Monthly Rates

First 2,000 gallons	\$12.00 minimum bill
All over 2,000 gallons	6.00 per 1,000 gallons

Proposed Monthly Rates

First 2,000 gallons	\$14.00 minimum bill
All over 2,000 gallons	6.00 per 1,000 gallons

The RD loan proceeds will be used in conjunction with an RD Grant in the amount of \$250,000; an EPA grant in the amount of \$967,800, and a contribution from the City of Pikeville in the amount of \$143,120 to finance the costs of the extension of sewer service to the residents of Cowpen Creek and Harmons Branch and the redirection of sewer flow from the Mossy Bottom sewer treatment plant to the City of Pikeville treatment plant. Signed: Toni Akers, Chairperson, Mountain Water District

Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 Email: rh@rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

PARALEGAL
MARY M. EMBRY

October 19, 2005

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Case 2005-00436

RECEIVED

OCT 24 2005

PUBLIC SERVICE
COMMISSION

Re: Mountain Water District - KRS 278.023 Application

Dear Ms. O'Donnell:


Enclosed please find the original and ten (10) copies of the Application of the Mountain Water District for a Certificate of Public Convenience and Necessity to construct, finance and increase rates pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069, with the exception of the **Preliminary and Final Engineering Reports, of which two (2) copies are enclosed.**

If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By 
W. Randall Jones

WRJ:ilm
Enclosures
cc: Distribution List

DISTRIBUTION LIST

Account No. 2286.0000

Re: Mountain Water District Waterworks Revenue Bonds, Series 2005, in the principal amount of \$1,650,000 (Lower Johns Creek Water Project)

Mr. Kenneth Slone, State Director
Rural Development
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5744

Phone: (859) 224-7336
Fax: (859) 224-7425

Mr. Elwood Howe
Rural Development
220 West First Street
Morehead, Kentucky 40351

Phone: (606) 784-6447
Fax: (606) 784-2076

Mr. Will Brown, Superintendent
Mountain Water District
P.O. Box 3157
Pikeville, Kentucky 41502-3157

Phone: (606) 631-9162
Fax: (606) 631-3087

Mr. Charlie Byers
Summit Engineering, Inc.
131 Summit Drive
Pikeville, Kentucky 41501

Phone: (606) 432-1447
Fax: (606) 432-1440

Daniel Stratton, Esq.
Stratton, Hogg & Maddox, P.S.C.
P.O. Box 1530
Pikeville, Kentucky 41502-1530

Phone: (606) 437-7800
Fax: (606) 437-7569

W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202

Phone: (502) 569-7534
Fax: (502) 569-7555

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

RECEIVED
OCT 24 2005
PUBLIC SERVICE
COMMISSION

THE APPLICATION OF MOUNTAIN)
WATER DISTRICT FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND) CASE NO. 2005-00436
NECESSITY TO CONSTRUCT, FINANCE AND)
INCREASE RATES PURSUANT TO KRS 278.023)

APPLICATION

This Application of the Mountain Water District ("Applicant") respectfully shows:

1. That Applicant is a water district of Pike County, Kentucky, created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.
2. That the post office address of Applicant is:

Mountain Water District
c/o Mr. Will Brown, Manager
P.O. Box 3157
Pikeville, Kentucky 41502-3157
3. That Applicant, pursuant to the provisions of KRS 278.020 and 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting Applicant to construct a waterworks construction project, consisting of extensions, additions, and improvements (the "Project") to the existing waterworks and sewer system of Applicant; (ii) an Order approving increased rates; and (iii) approval of the proposed plan of financing said Project.
4. That the project consists of the construction and installation of approximately 72,000 feet of water line and appurtenances, two booster pump stations and two 20,000 gallon skid tanks.
5. That Applicant proposes to finance the construction of the Project through (i) the issuance of \$1,650,000 of its Waterworks Revenue Bonds; (ii) a Rural Development ("RD") grant in the amount of \$600,000; (iii) an Appalachian Regional Commission ("ARC") grant in the amount of \$500,000; and (iv) a Community Development Block Grant ("CDBG") in the amount of \$1,000,000. Applicant has a commitment from RD to purchase said \$1,650,000 of bonds maturing over a 40-year period, at an interest rate of not exceeding 4.50% per annum, as set out in the RD Letter of Conditions filed herewith as an Exhibit.

6. That Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Public Service Commission.

7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:

- A. Copy of RD Letter of Conditions.
- B. Copy of RD Letter of Concurrence in Contract Award.
- C. Copy of Preliminary and Final Engineering Reports.
- D. Certified statement from the Chairperson of Applicant, based upon statements of the Engineers for Applicant, concerning the following:
 - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4 (3) and (4); Section 5 (1); Sections 6 and 7; Section 8 (1) through (3); Section 9 (1) and Section 10;
 - (2) All other state approvals or permits have already been obtained;
 - (3) The proposed rates of Applicant shall produce the total revenue requirements set out in the engineering reports; and
 - (4) Setting out the dates when it is anticipated that construction will begin and end.

8. That Applicant has arranged for the publication, prior to or at the same time this Application is filed, of a Notice of Proposed Rate Change pursuant to Section 2 of 807 KAR 5:069, in the Appalachian News-Express, which is the newspaper of general circulation in Applicant's service area and in Pike County, Kentucky. Said Notice sets out the current rates and the proposed rates of Applicant and a short description of the Project. A copy of said Notice is filed herewith as an Exhibit.

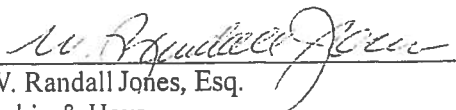
9. That the foregoing constitutes the documents necessary to obtain the approval of the Kentucky Public Service Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Filing Requirements" specified in 807 KAR 5:069, Section I.

WHEREFORE, Applicant, the Mountain Water District asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a waterworks project consisting of extensions, additions, and improvements to the existing waterworks system of Applicant.
- b. An Order approving the financing arrangements made by Applicant, viz., the issuance of (i) \$1,650,000 of Mountain Water District Waterworks Revenue Bonds at an interest rate of not exceeding 4.50% per annum; (ii) an RD grant in the amount of \$600,000; (iii) an ARC grant in the amount of \$500,000; and (iv) a CDBG grant in the amount of \$1,000,000.
- c. An Order approving the proposed increased rates as set out in Section 25 of the RD Letter of Conditions, filed herewith as an Exhibit.

Mountain Water District

By: 
Chairperson
Board of Water Commissioners


W. Randall Jones, Esq.
Rubin & Hays
Counsel for Applicant
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525





United States Department of Agriculture
Rural Development
Kentucky State Office

January 20, 2005

Ms. Toni Akers, Chairperson
Mountain Water District
P.O. Box 3157
Pikeville, Kentucky 41502

Dear Ms. Akers:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan and/or grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by Written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$1,650,000, a RUS grant not to exceed \$600,000, an Appalachian Regional Commission (ARC) grant of \$500,000, a Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) of \$1,000,000.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 240 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7300 • Fax: (859) 224-7425 • TDD: (859) 224-7422 • Web: <http://www.mrdev.usda.gov/ky>

Committed to the future of rural communities

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD)

1. Number of Users and Their Contribution:

There shall be 13,400 water users, of which 13,068 are existing users and 332 are new users. The Area Director will review and authenticate the number of users prior to advertising for construction bids. No contribution is required from the Water District.

1a. Grant Agreement:

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

1b. Drug-Free Work Place:

Prior to grant approval, the Water District will be required to execute Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - Far Grantees Other Than Individuals."

2. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the bond. Principal payment will not be deferred for a period in excess of two years from the date of the bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the Water District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

3. Recommended Repayment Method:

Payments on this loan can be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form SF 5510, "Authorization Agreement for Preauthorized Payments," should be signed by the District to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

4. Funded Depreciation Reserve Account:

The Water District will be required to deposit \$765.00 per month into a "Funded Depreciation Reserve Account" until the account reaches \$91,800. The deposits are to be resumed any time the account falls below the \$91,800.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the Water District's prior bond resolutions.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

5. Security Requirements:

A pledge of gross water revenue will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds, if possible. If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the Water District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

6. Land Rights and Real Property:

The Water District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

7. Organization:

The Water District will be legally organized under applicable KRS which will permit them to perform this service, borrow and repay money.

8. Business Operations:

The Water District will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the Water District after review by Rural Development. At no later than loan pre-closing, the Water District will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, bookkeeping, making and delivering required reports and audits.

9. Accounts, Records and Audits:

The Water District will be required to maintain adequate records and accounts and submit statistical and financial reports, quarterly and annually, in accordance with subsection 1780.47 of RUS Instruction 1780 and RUS Staff Instruction 1780-4, a copy of which is enclosed. The enclosed audit booklet will be used as a guide for preparation of audits. The Water District will be required to establish and maintain separate accounts for each system. Annual audits, budgets, and reports will be submitted to Rural Development showing separate accounts. The Water District shall be required to submit a COPY of its audit agreement for review and approval prior to pre-closing the loan. Rural Development approval of the accounting system is required.

10. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The Water District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The Water District will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

11. Insurance and Bonding

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the Water District. The Water District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The Water District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The Water District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$688,000.
- D. Real Property Insurance - The Water District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the Water District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The Water District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

12. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "22" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
 - 1. Final plans, specifications and bid documents.
 - 2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
 - 3. Legal Service Agreements.
 - 4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the Water District will obtain advance clearance from Bond Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

13. Compliance with Section 504 of the Rehabilitation Act of 1973:

The Water District will be required to comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), in order to make sure no handicapped individual, solely by reason of their handicap, is excluded from participation in the use of the water system, be denied the benefits of the water system, or be subjected to discrimination.

14. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the Water District.

15. Compliance with Special Laws and Regulations:

The Water District will be required to conform with any and all state and local laws and regulations affecting this type project.

16. Treatment Plant/System Operator:

The Water District is reminded that the treatment plant and/or system operator must have an Operator's Certificate issued by the State.

17. Prior to Pre-Closing the Loan, the Water District Will Be Required to Adopt:

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."

The Water District must offer the opportunity for all residents in the service area to become users of the facilities regardless of race, creed, color, religion, sex, national origin, marital status, physical or mental handicap or level of income.

18. Refinancing and Graduation Requirements:

The Water District is reminded that if at any time it shall appear to the Government that the Water District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the Water District will apply for and accept such loan in sufficient amount to repay the Government.

19: Commercial Interim Financing:

The Water District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the Water District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

20. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the Water District prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

During construction, the Water District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the Water District, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the Water District.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the Water District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

Monthly audits of the Water District's construction account records shall be made by Rural Development.

21. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the Water District. Grant funds, upon receipt, must be deposited in an interest bearing account in accordance with 7 CFR part 3016 (as applicable). Interest earned on grant funds in excess of \$100 (as applicable) per year will be submitted to RUS at least quarterly.

22. Cost of Facility:

Breakdown of Costs:

Development	\$ 2,990,300
Land and Rights	45,000
Legal and Administrative	45,000
Engineering	365,700
Interest	35,000
Contingencies	<u>269,000</u>
TOTAL	\$ 3,750,000

Financing:

RUS Loan	\$ 1,650,000
RUS Grant	600,000
ARC Grant	500,000
HUD-CDBG	<u>1,000,000</u>
TOTAL	\$ 3,750,000

23. Debt Collection Improvement Act (DCIA) of 1996:

The Debt Collection Improvement Act (DCIA) of 1996 requires that all federal payments after January 1, 1999, must be made by Electronic Funds Transfer/Automated Clearing House (EFT/ACH). Borrowers receiving payments by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

24. Use of Remaining Project Funds:

After providing for all authorized costs, any remaining project funds will be considered to be RUS/ARC/HUD-CDBG grant funds and refunded in proportion to participation in the project. If the amount of unused grant funds exceeds the grants, that part would be RUS loan funds.

Mountain Water District

25. Rates and Charges:

Rates and charges for facilities and services rendered by the Water District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

5/8" x 3/4" Meter:

First	2,000	gallons @ \$	18.06 - Minimum Bill,
Next	8,000	gallons @ \$	6.03 - per 1,000 gallons.
All Over	10,000	gallons @ \$	5.24 - per 1,000 gallons.

1" Meter:

First	5,000	gallons @ \$	36.15 - Minimum Bill.
Next	5,000	gallons @ \$	6.03 - per 2,000 gallons.
All Over	10,000	gallons @ \$	5.24 - per 1,000 gallons.

2" Meter:

First	20,000	gallons @ \$	118.70 - Minimum Bill.
All Over	20,000	gallons @ \$	5.24 - per 1,000 gallons.

3" Meter:

First	30,000	gallons @ \$	171.10 - Minimum Bill.
All Over	30,000	gallons @ \$	5.24 - per 1,000 gallons.

4" Meter:

First	50,000	gallons @ \$	275.00 - Minimum Bill.
All Over	50,000	gallons @ \$	5.24 - per 1,000 gallons.

6" Meter:

First	100,000	gallons @ \$	537.90 - Minimum Bill.
All Over	100,000	gallons @ \$	5.24 - per 1,000 gallons.

5/8" x 3/4" tap on fees \$675.00, all larger size meter tap on fees will be at actual cost

Line Leak Adjustment Rate \$ 3.37 - per 1,000 gallons.

26. Water Purchase Contract:

The Water District will submit a Water Purchase Contract for approval by Rural Development before advertising for construction bids. If the contract is not on Form RD 442-30, "Water Purchase Contract," the contract will require approval by our Regional Attorney. The contract must meet the requirements of subsection 1780.62 of RUS Instruction 1780.

27. Commitment of ARC and HUD-CDBG Grant Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the ARC grant in the amount of \$500,000 and for the HUD-CDBG grant in the amount of \$1,000,000.

28. Floodplain Construction:

The Water District will be required to pass and adopt a Resolution or amend its By-Laws whereby the Water District will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain. If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the Water District and Rural Development officials that there are no other alternatives to Construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

29. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Kentucky Department for Local Government letter dated July 22, 2003, from Mr. Ronald A. Cook, Manager.
- B. The design and construction shall be in compliance with the requirements of the U.S. Fish and Wildlife Service as requested by letter dated October 8, 2003, and signed by Virgil Lee Andrews, Jr., Field Supervisor.
- C. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without affect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- D. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.

30. Final Approval Conditions:

Final approval of this assistance will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

Mountain Water District

If you desire to proceed with your application, the Area Director will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,


KENNETH SLONE
State Director

Enclosures

cc: Area Director - Morehead, Kentucky
Rural Development Manager - Prestonsburg, Kentucky
Big Sandy ADD - Prestonsburg, Kentucky
Daniel Stratton - Pikeville, Kentucky
✓Rubin and Hays - Louisville, Kentucky
Summit Engineering, Inc. - Lexington, Kentucky
PSC - ATTN: Bob Amato - Frankfort, Kentucky





United States Department of Agriculture
Rural Development
Kentucky State Office

October 6, 2005

SUBJECT: Mountain Water District
Lower Johns Creek Water Supply
Contract Award Concurrence

TO: Area Director
Morehead, Kentucky

This is a revised letter of concurrence for the above referenced project. Contract 3 award was omitted from the original correspondence. Please replace the previous concurrence letter dated October 6, 2005. Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder on Contract 1, BP Pipeline, Inc., in the amount of \$1,714,400.00, and the low bidder on Contract 2, Patriot Construction, in the amount of \$717,479.00, and the low bidder on Contract 3, Microcomm, in the amount of \$42,274.00.

If you have any questions, please contact Julie Anderson, State Engineer, at (859) 224-7348.


KENNETH SLONE
to **State Director
Rural Development

cc: Summit Engineering, Inc.
Pikeville, Kentucky

~~Rubin and Hayes~~
Randy Jones
Louisville, Kentucky

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859)224-7300 • Fax: (859)224-7425 • TDD: (859)224-7422 • Web: <http://www.rurdev.usda.gov/ky>

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NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set out in 807 KAR 5:069, Section 2, notice is hereby given to the customers of the Mountain Water District of a change to the District's rate schedule as set forth herein. The proposed rate change is required by Rural Development in connection with a loan by RD to the District in the amount of \$1,650,000 to be evidenced by the issuance by the District of its Waterworks Revenue Bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising its water charges as set forth below:

Current Monthly Service Connection Fee

<u>Size of Connection</u>	<u>Service Connection Fee</u>
5/8 x 3/4 inch	\$575.00
1 inch	Actual cost of construction
over 1 inch	Actual cost of construction

Proposed Monthly Service Connection Fee

<u>Size of Connection</u>	<u>Service Connection Fee</u>
5/8 x 3/4 inch	\$675.00
1 inch	Actual cost of construction
over 1 inch	Actual cost of construction

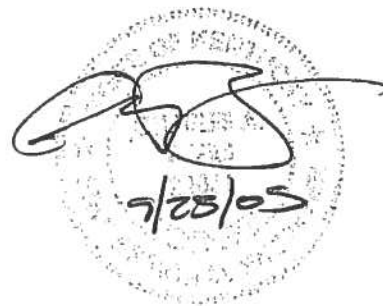
The RD loan proceeds will be used in conjunction with an RD Grant in the amount of \$600,000; an ARC grant in the amount of \$500,000, and a CDBG grant in the amount of \$1,000,000 to finance the cost of extensions, additions and improvements to the existing waterworks system of the District, consisting of the construction and installation of approximately 72,000 feet of water line and appurtenances, two booster pump stations and two 20,000 gallon skid tanks. Signed: Toni Akers, Chairperson, Mountain Water District

FINAL ENGINEERING REPORT
JOHNS CREEK WATER SUPPLY PROJECT

SEPTEMBER 23, 2005

RECEIVED
OCT 24 2005
PIONEER SERVICE
CORPORATION

Prepared for
MOUNTAIN WATER DISTRICT
PIKE COUNTY, KENTUCKY



Pikeville Lexington Hazard Charleston Logan Grundy

LOWER JOHNS CREEK WATER EXTENSION PROJECT
FINAL ENGINEERING REPORT
CONTRACT
MOUNTAIN WATER DISTRICT
PIKE COUNTY, KENTUCKY

Introduction

This report is prepared as documentation for the award of the contract for the Lower Johns Creek Water Supply Project. The project is part of an effort by The Mountain Water District to provide potable water service to residents located on several areas of lower Johns Creek.

History/Objective

Planning identified the Lower Johns Creek area as an area that was lacking potable water service. It identified the existing problems in the area caused by poor groundwater. It also outlined a means for providing a potable water service for the residents in the area.

The intent of the Lower Johns Creek Water Extension Project is to provide the residents of Lower Johns Creek with a reliable potable water system.

Plans and Approvals

Plans, specifications, construction permit applications, and supporting calculations were submitted to the Division of Water for review in August of 2003. The Division of Water approval letters were issued on September 4, 2003 for potable water line extension. An extension letter was issued for the project on September 29, 2004.

Award of Contract

The rules for award are lowest base bid. Alternates and deducts are not considered for the lowest base bid.

The bids were within the project estimate and funding commitments. At the Mountain Water District's request and approval Summit Engineering, Inc. has awarded the contract to the low bidders, which are B.P. Pipeline (contract 1A and 1B) and Patriot Construction (contract 2). (see bid recommendation letter attached)

Financial Viability

The project can be fully constructed, because of the committed funds. All funds are available for draw down on the project except the RD and ARC. The breakdown of the project finances is included at the end of this report.

Construction Schedule

The contract has a 210 calendar day construction time. It is a project goal to issue a Notice to Proceed dated no later than October 1, 2005. This would have the contractor completing construction on June 17, 2005.

PRELIMINARY OPINION OF PROBABLE PROJECT COST
 LOWER JOHNS CREEK WATER SUPPLY PROJECT
 8/26/05

ITEM NUMBER	ITEM DESCRIPTION	UNIT	UNIT COST	QTY	AMOUNT
2	Contract 2	LS	\$ 717,479.00	1	\$ 717,479.00
3	Contract 3	LS	\$ 42,274.00	1	\$ 42,274.00
TOTAL CONSTRUCTION COST					\$2,474,153.00
Construction Contingency @ 10%					\$247,415.30
Basic Engineering @		6.797%			\$168,168.18
Resident Inspection @		3.107%			\$76,871.93
Additional Engineering Services					\$62,500.00
Preliminary & Final Engineering Report			\$5,000.00		
Project Financing and Administration Including CDBG			\$50,000.00		
Environmental			\$7,500.00		
Geotechnical					\$5,000.00
Archaeological Investigations					\$1,500.00
Right of Way (Title Opinion, Appraisal, Negotiations, Property Surveys, Acq / Condemnation)					\$50,000.00
Miscellaneous (Legal, Fees for RR permits, Advertisements & Public Notices, etc.)					\$ 48,256.36
TOTAL PROJECT COST					\$3,133,864.771



SUMMIT ENGINEERING INC.

SINCE 1977

August 17, 2005

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

Re: Lower Johns Creek Water Supply Project
Bid Tabulation

Ladies and Gentlemen.

Bids were opened on August 17, 2005 at 2:00 PM local time at the Mountain Water District offices for the above referenced project. The following parties were in attendance:

PERSONNEL
Will Brown
Trish Varney
Dwayne Taylor
Brian Hansel
Keith Robinson
W. Keith Hall
Charles Byers
Jody G Hunt

REPRESENTING
UMG
UMG
Taylor Farm Supply
Consolidated Pipe and Supply
BMM
BMM
Summit Engineering, Inc.
Summit Engineering, Inc.

A certified tabulation of the bids received is attached hereto as Exhibit 'A'. Complete copies of the bids for the project reading file are provided in the attached envelope labeled Exhibit 'B'.

Bids were received from the following companies on Contracts 1A & 1B; BMM, D.F. Bailey, and BP Pipeline. The bids were as follows:

BMM	\$1,807,485.00
D.F. Bailey	\$1,732,510.19
BP Pipeline	\$1,714,400.00
Engineer's Estimate	\$1,899,437.50

Math errors were found on the bids from BMM and BP Pipeline
The math errors were as follows, but did not affect the low bidder.

	Submitted	Actual	Difference
BMM	\$1,799,765.00	\$1,807,485.00	\$7,720.00
BP Pipeline	\$1,713,400.00	\$1,714,400.00	\$1,000.00

The apparent low bidder is BP Pipeline. There were three addendums. All contractors had acknowledged the addendums.

Bids were received from the following companies on Contract 2; BMM, D.F. Bailey, Patriot Construction, BP Pipeline. The bids were as follows:

H2O	\$931,520.00
DF Bailey	\$762,577.88
BP Pipeline	\$792,957.50
Patriot Construction	\$717,479.00
Engineer's Estimate	\$881,787.50

No math errors were found on the bids. The apparent low bidder is Patriot Construction. There were three addendums. All contractors had acknowledged the addendums.

EVALUATION OF LOW BIDDER

References checks were performed on the low bidders for contracts 1A, 1B, and 2. References checked for the low bidder for contracts 1A and 1B, B.P. Pipeline, stated that the contractor does good work and that he performed the work in a satisfactory manner. B.P. Pipeline, however, is currently involved in a litigation case concerning defective pipe. The reference stated that B.P. Pipeline was a victim of circumstance because the supplier provided the defective pipe. References checked on the second low bidder for contracts 1A and 1B, D.F. Bailey, were not quick to recommend the contractor. References checked for the low bidder for contract 2, Patriot Construction, stated that the contractor has performed satisfactory on work in the past.

The contract documents provide that the owner may reject any or all bids.
The contract documents provide for a 90 day bid hold. The last day to award the contract is November 15, 2005. Due to environmental approval the contract may not be awarded prior to September 16, 2005.

Should the owner decide to award any or all of the contracts, Summit Engineering, Inc. would caution that the following items must be confirmed / resolved

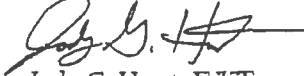
Obtain funding agency approval
Confirm availability of funds



SUMMIT ENGINEERING INC.

If you have any questions or if I can be of further assistance please feel free to contact me at our Pikeville, KY office at (606) 432-1447.

Thank you,



Jody G. Hunt, E.I.T.
Project Engineer

encl.

cc: Elwood Howe, USDA / Rural Development
Will Brown, UMG
Greg May, UMG
Kevin Howard, Summit Engineering, Inc
file



SUMMIT ENGINEERING INC.

BID TABULATION CONTRACT 1B- JOES CREEK & LEFT FORK OF JOES CREEK

ITEM NO.	ITEM	UNIT	QUANTITY	BMM (HDPE SDR 11)		D/F BAILEY(PVC SDR 17)		BP PIPELINE (PVC SDR 17)	
				UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT
GENERAL									
1a	Mobilization/DeMobilization	LS	1	\$5,000.00	\$5,000.00	\$25,167.93	\$25,167.93	\$10,000.00	\$10,000.00
1b	Seeding	LS	1	\$1,000.00	\$1,000.00	\$10,892.68	\$10,892.68	\$5,000.00	\$5,000.00
1c	Special Pipe Bedding	TON	200	\$10.00	\$2,000.00	\$23.74	\$4,748.00	\$20.00	\$4,000.00
WATER LINE									
2a	6" DI River Crossing Pipe	LF	108	\$40.00	\$4,320.00	\$95.40	\$10,303.20	\$90.00	\$9,720.00
2b	8" Water Main, Unclassified ^d	LF	0		\$0.00		\$0.00	\$18.00	\$0.00
2c	6" Water Main, Unclassified ^d	LF	24,900	\$15.00	\$373,500.00	\$7.63	\$189,987.00	\$13.25	\$329,925.00
2d	4" Water Main, Unclassified ^d	LF	7,920	\$14.00	\$110,880.00	\$6.12	\$48,470.40	\$12.50	\$99,000.00
2e	6" DI Water Line, CL 350, MJ	LF	0		\$0.00		\$0.00	\$17.00	\$0.00
2f	8" DI Water Line, CL 350, PJ	LF	0		\$0.00		\$0.00	\$18.00	\$0.00
2g	6" DI Water Line, CL 350, PJ	LF	150	\$20.00	\$3,000.00	\$18.81	\$2,821.50	\$17.00	\$2,550.00
2h	4" DI Water Line, CL 350, PJ	LF	240	\$18.00	\$4,320.00	\$18.45	\$4,428.00	\$16.00	\$3,840.00
VALVES									
3a	8" Resilient Wedge Gate Valve, MJ	EA	0		\$0.00		\$0.00	\$1,000.00	\$0.00
3b	6" Resilient Wedge Gate Valve, MJ	EA	19	\$500.00	\$9,500.00	\$558.05	\$10,565.14	\$600.00	\$11,400.00
3c	4" Resilient Wedge Gate Valve, MJ	EA	20	\$400.00	\$8,000.00	\$464.08	\$9,281.60	\$400.00	\$8,000.00
3d	Curb Stop	EA	4	\$500.00	\$2,000.00	\$154.40	\$617.60	\$400.00	\$1,600.00
FITTINGS									
4a	8 x8 x6" Compact DI Tee, MJ	EA	0		\$0.00		\$0.00	\$400.00	\$0.00
4b	8 x8 x4" Compact DI Tee, MJ	EA	0		\$0.00		\$0.00	\$400.00	\$0.00
4c	6"x6"x6" Compact DI Tee, MJ	EA	3	\$500.00	\$1,500.00	\$315.66	\$946.98	\$300.00	\$900.00
4d	6"x6"x4" Compact DI Tee, MJ	EA	8	\$500.00	\$4,000.00	\$298.70	\$2,389.60	\$300.00	\$2,400.00
4e	4"x4"x4" Compact DI Tee, MJ	EA	2	\$500.00	\$1,000.00	\$270.94	\$541.88	\$300.00	\$600.00
4f	8" CAP	EA	0		\$0.00		\$0.00	\$400.00	\$0.00
4g	G'CAP	EA	0		\$0.00		\$0.00	\$400.00	\$0.00
4h	6"x4" Reducer	EA	0		\$0.00		\$0.00	\$400.00	\$0.00
ENCASEMENTS									
5a	Bore and Encase for 8" Water Line	LF	0		\$0.00		\$0.00	\$120.00	\$0.00
5b	Bore and Encase for 6" Water Line	LF	100	\$80.00	\$8,000.00	\$106.87	\$10,687.00	\$80.00	\$8,000.00
5c	Bore and Encase for 4" Water Line	LF	105	\$60.00	\$6,300.00	\$97.01	\$10,186.05	\$75.00	\$7,875.00
5d	Open Cut Case for 8" Water Line	LF	0		\$0.00		\$0.00	\$60.00	\$0.00
5e	Open Cut Case for 6" Water Line	LF	275	\$30.00	\$8,250.00	\$55.66	\$15,306.50	\$40.00	\$11,000.00
5f	Open Cut Case for 4" Water Line	LF	195	\$25.00	\$4,875.00	\$51.24	\$9,991.80	\$40.00	\$7,800.00
SERVICE CONNECTIONS									
6a	5/8" x 3/4" Water Meter Set, Radio Read with PRV	EA	145	\$600.00	\$87,000.00	\$801.80	\$116,261.00	\$575.00	\$83,375.00
6b	1" Copper Service Line - Type "K"	LF	4,775	\$9.00	\$42,975.00	\$10.59	\$50,567.25	\$8.50	\$40,587.50
6c	3/4" Copper Service Line - Type "K"	LF	9,025	\$7.00	\$63,175.00	\$9.90	\$89,347.50	\$7.50	\$67,687.50
HYDRANTS									
7a	Air Release	EA	2	\$1,000.00	\$2,000.00	\$427.26	\$854.52	\$500.00	\$1,000.00
7b	Blow-Off	EA	11	\$2,500.00	\$27,500.00	\$984.43	\$10,828.73	\$1,600.00	\$17,600.00
SURFACE REPLACEMENT (FOR MAIN LINE ONLY)									
8a	Pavement Replacement	LS	1	\$10,000.00	\$10,000.00	\$115,930.26	\$115,930.26	\$15,000.00	\$15,000.00
SAMPLING MH'S AND PRV'S									
9a	Sampling Manhole	EA	1	\$3,200.00	\$3,200.00	\$4,104.79	\$4,104.79	\$5,000.00	\$5,000.00
9b	Connect to Existing	EA	2	\$1,500.00	\$3,000.00	\$1,874.77	\$3,749.54	\$1,000.00	\$2,000.00
WATER STORAGE TANK / PUMPS									
10a	Water Booster Pump Station Joes Creek	EA	1	\$60,000.00	\$60,000.00	\$58,183.85	\$58,183.85	\$60,000.00	\$60,000.00
10b	20,000 Skid Tank, Complete-In-Place Joies Creek	EA	1	\$50,000.00	\$50,000.00	\$59,086.05	\$59,086.05	\$50,000.00	\$50,000.00
TOTAL BASE BID FOR CONTRACT 1B					\$905,295.00		\$874,246.36		\$855,860.00
SUMMATION OF TOTAL BASE BIDS FOR CONTRACT 1A AND CONTRACT 1B (NOTE 5)					\$1,807,485.00		\$1,732,510.19		\$1,714,400.00

The above is a true and complete tabulation of bids received at 2:00 pm (local time) on Wednesday August 17, 2005 at the offices of the Mountain Water District, Pike County, Kentucky 41501

Date _____

Jody G. Hunt

BID TABULATION: CONTRACT 2: JOHN'S CREEK TO DRY BRANCH

ITEM	UNIT	QUANTITY	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT
1a	1" Schedule 40 Pipe	15	\$ 10,000.00	\$ 150,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00
1b	1" Schedule 40 Pipe	15	\$ 5,000.00	\$ 75,000.00	\$ 2,000.00	\$ 30,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
1c	1" Schedule 40 Pipe	15	\$ 3,000.00	\$ 45,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
2a	2" Schedule 40 Pipe	15	\$ 10,000.00	\$ 150,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00
2b	2" Schedule 40 Pipe	15	\$ 5,000.00	\$ 75,000.00	\$ 2,000.00	\$ 30,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
2c	2" Schedule 40 Pipe	15	\$ 3,000.00	\$ 45,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
3a	3" Schedule 40 Pipe	15	\$ 10,000.00	\$ 150,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00
3b	3" Schedule 40 Pipe	15	\$ 5,000.00	\$ 75,000.00	\$ 2,000.00	\$ 30,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
3c	3" Schedule 40 Pipe	15	\$ 3,000.00	\$ 45,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
4a	4" Schedule 40 Pipe	15	\$ 10,000.00	\$ 150,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00
4b	4" Schedule 40 Pipe	15	\$ 5,000.00	\$ 75,000.00	\$ 2,000.00	\$ 30,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
4c	4" Schedule 40 Pipe	15	\$ 3,000.00	\$ 45,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
5a	5" Schedule 40 Pipe	15	\$ 10,000.00	\$ 150,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00
5b	5" Schedule 40 Pipe	15	\$ 5,000.00	\$ 75,000.00	\$ 2,000.00	\$ 30,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
5c	5" Schedule 40 Pipe	15	\$ 3,000.00	\$ 45,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
6a	6" Schedule 40 Pipe	15	\$ 10,000.00	\$ 150,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00
6b	6" Schedule 40 Pipe	15	\$ 5,000.00	\$ 75,000.00	\$ 2,000.00	\$ 30,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
6c	6" Schedule 40 Pipe	15	\$ 3,000.00	\$ 45,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
7a	7" Schedule 40 Pipe	15	\$ 10,000.00	\$ 150,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00
7b	7" Schedule 40 Pipe	15	\$ 5,000.00	\$ 75,000.00	\$ 2,000.00	\$ 30,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
7c	7" Schedule 40 Pipe	15	\$ 3,000.00	\$ 45,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
8a	8" Schedule 40 Pipe	15	\$ 10,000.00	\$ 150,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00
8b	8" Schedule 40 Pipe	15	\$ 5,000.00	\$ 75,000.00	\$ 2,000.00	\$ 30,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
8c	8" Schedule 40 Pipe	15	\$ 3,000.00	\$ 45,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
9a	9" Schedule 40 Pipe	15	\$ 10,000.00	\$ 150,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00
9b	9" Schedule 40 Pipe	15	\$ 5,000.00	\$ 75,000.00	\$ 2,000.00	\$ 30,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
9c	9" Schedule 40 Pipe	15	\$ 3,000.00	\$ 45,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
10a	10" Schedule 40 Pipe	15	\$ 10,000.00	\$ 150,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00	\$ 18,000.00	\$ 270,000.00
10b	10" Schedule 40 Pipe	15	\$ 5,000.00	\$ 75,000.00	\$ 2,000.00	\$ 30,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
10c	10" Schedule 40 Pipe	15	\$ 3,000.00	\$ 45,000.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00	\$ 1,500.00	\$ 22,500.00
TOTAL				\$ 192,957.50		\$ 312,000.00		\$ 1,763,577.88		\$ 931,320.00		\$ 931,320.00

The above is a true and complete tabulation of bid received at 2:00 pm local time, on Wednesday, August 17, 2005 at the office of the Mountain Water District, Flat County, Kentucky 40501

Jody G. Hunt _____ Date _____

News-Express

P.O. Box 802, 129 Caroline Avenue, Pikeville, Kentucky 41502 (606) 437-4054 or 432-0148

FAX (606) 437-4246

FAX (606) 432-2855

NEWSPAPER AFFIDAVIT

I, Mike Moore, Editor of the Appalachian
 newspaper, published at Pikeville, Kentucky and
 having the largest general circulation of any newspaper in
 Pike ~~County~~ Kentucky do hereby certify that from my own
 knowledge and a ~~check~~ of the files of this newspaper that the
 advertisement of "Advertisement for Bid
Mountain Water District was inserted in the
 Appalachian News-Express on the following dates:

DATE 7-31-05 PAGE NO, 8B-9B COLUMN NO, 6, 7 & 9 - 1
 DATE _____ PAGE NO. _____ COLUMN NO. _____
 DATE _____ PAGE NO, _____ COLUMN NO, _____
 DATE _____ PAGE NO, _____ COLUMN NO. _____

SIGNATURE Mike Moore

Subscribed and sworn to before me by Mike Moore

This 1 day of September, 2005

NOTARY PUBLIC, Iwen Mullins

My commission expires: August 1, 2009

650 - LEGALS

Supply Project:
Summation of
Contract No. 1A-
Miller Creek & KY
194 and Contract
No. 1B- Joes Creek
& Left Fork of Joes
Creek
Contract No. 2-
Johns Creek to Dry
Branchwill be
received by
Mountain Water
District at the
office of
Will Brown Super-
intendent until
2:00 p.m., (Local
Time) August 10,
2005 and then at
said office publicly
opened and read
aloud.

It is the intent of
the Owner to
award Contract 1A
and Contract 1B to
a single contractor.
A valid bid for
Contract 1 shall be
the summation of
the contractor's bid
for Contract 1A
and Contract 1B.
The Contract Doc-
uments may be
examined at the
following locations:
Mountain Water
District, P.O. Box

650 - LEGALS

3157, U.S. 119
Fast, Pikeville, KY
41501
Summit Engineer-
ing, Inc., 120
Prosperous Place,
Suite 101, Lexing-
ton, KY 40509
Summit Engineer-
ing, Inc., 131
Summit Dr., Pike-
ville, KY 41501
Copies of the
Contract Docu-
ments may be pur-
chased from Lynn
Imaging upon pay-
ment of a non-
refundable charge
of \$250.00 per set

650 - LEGALS

cash or check,
payable to Lynn
Imaging. Docu-
ments may be
obtained from
Lynn Imaging, 328
Old Vine Street,
Lexington, KY
40507, 859/226-
5860 or at
<http://www.lynnimaging.com>. If
documents are to
be mailed, there
will be an addition-
al handling fee of
\$10.00 for each set
payable to Lynn
Imaging. Federal wage and

**ADVERTISE-
MENT FOR
BIDS**
SECTION ONE
Mountain Water
District
Owner
P.O. Box 3157
Pikeville, Ken-
tucky 41501
Address
Separate sealed
Bids for the con-
struction of (briefly
describe nature,
scope, and major
elements of the
Work)
Johns Creek Water

650 - LEGALS

hour provisions do
apply to this proj-
ect. State and hour
provisions do apply
to this project.
This project is
being funded, in
part, with RD and
CDBG funds.
A Mandatory Pre-
Bid Conference
will be conducted
by representatives
of Summit Engi-
neering, Inc. In-
terested parties
are to meet at the
offices of Mountain
Water District at
9:00 a.m. on
August 5, 2005.
Date
Mountain Water
District

SUMMARY ENGINEERING REPORT
JOHNS CREEK WATER SUPPLY PROJECT

JUNE 6, 2003

REVISED JULY 24, 2003

RECEIVED

OCT 24 2005

PUBLIC SERVICE
COMMISSION

Prepared for

MQUNTAIN WATER DISTRICT
PIKE COUNTY, KENTUCKY



SUMMIT ENGINEERING INC.

Pikeville

Lexington

Hazard

Charleston

Logan

Grundy

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10. Proximity	3

LIST OF EXHIBITS

- 2-1 Layout Map
- 3-1 Possible Project Funding
- 4-1 Project Beneficiaries
- 7-1 Summary of Opinion of Probable Project Cost
- 7-2 Preliminary Construction Cost Opinion – Contracts 1 & 2

ITEM 1 – PROJECT COMPONENTS

The Johns Creek Water Supply Project will construct a new waterline and extend potable water service to approximately 423 new customers in Miller Creek, Joes Creek, Dry Branch, Mikes Branch, Lowe Branch, Pinson Branch and along Highway 194 West in Johns Creek. The intent of the project is to replace unsafe well water supplies with a reliable potable public water supply. The project will be organized in two contracts as follows:

1. **Contract No. 1 – Miller Creek to Joes Creek** – Miller Creek and Joes Creek are densely populated, narrow, winding hollows located off Highway 194 West in Johns Creek. This area has no existing water system. Residents of the area obtain water from drilled wells. Water supply from wells is dependent upon rainfall and drilled location. Some residents experience low water supply during times of dry weather. Installation of the new line will provide a dependable potable water supply to the area. The project will include approximately 50,300 LF of water mains and will serve approximately 270 residents. Contract No. 1 also includes a 20,000 GAL skid tank with pump station as alternates.
2. **Contract No. 2 – Johns Creek to Dry Branch.** The Johns Creek to Dry Branch extension will serve heavily populated Pike County areas along Highway 194 West, including Mikes Branch and Dry Branch. These communities are also dependant upon drilled wells for potable water supply. The project will include approximately 21,750 LF of water mains, which will serve approximately 153 residents. Contract No. 2 also includes a 20,000 GAL, skid tank with pump station as alternates.

ITEM 2 – LAYOUT

The location of the major elements of the work is illustrated on Exhibit '2-1'.

ITEM 3 - FEASIBILITY ANALYSIS

The Johns Creek Water Supply Project is a rural project. Historically, water supply from drilled wells is low in quality and is unreliable in times of low rainfall in Pike County. Therefore, a new potable water system will provide the best and most reliable service to these communities in Pike County.

Funding Sources may include, but are not limited to: The Appalachian Regional Commission, Community Development Block Grant, and Rural Development Grant / Loan.

Exhibit 3-1 itemizes the possible project funding.

**EXHIBIT 3-1
POSSIBLE PROJECT FUNDING**

<u>FUNDING AGENCY</u>	<u>AMOUNT</u>
CDBG Grant:	\$1,000,000.00
Rural Development Grant:	\$750,000.00
Rural Development Loan:	\$1,500,000.00
ARC Grant:	\$500,000.00
TOTAL:	\$3,750,000.00

ITEM 4 – REBENEFICIARIES

Exhibit 4-1 itemizes the project beneficiaries. The project provides new water service to approximately 423 households in Pike County.

**EXHIBIT 4-1
PROJECT BENEFICIARIES**

	<u>Contract 1: Miller Creek to Joes Creek</u>	<u>Contract 2: Johns Creek to Dry Branch</u>	<u>Total</u>
New Customers :	270	153	423

ITEM 5 – METHOD OF CONSTRUCTION

The project will be advertised for competitive bids. At this time it is contemplated that the work will be organized as two construction contracts. These are:

- Contract 1 – Miller Creek to Joes Creek
- Contract 2 – Johns Creek to Dry Branch

ITEM 6 – LIFE EXPECTANCY

The design life of the major components of the project are as follows:

Main Distribution Lines	50 Years
Dry Br. Skid Tank	50 Years

Joes Cr. Skid Tank	50 Years
Joes Creek Pump Station	20 Years
Dry Branch Pump Station	20 Years

ITEM 7 - CONSTRUCTION COST ESTIMATE

Detailed construction cost estimates are provided as Exhibits 7-1 through 7-2. Exhibit 7-1 is a summary exhibit.

ITEM 8 – PERMITS

The major construction permits required for this project include:

- KYDOH Encroachment Permit
- KYDOW Drinking Water Permit
- KYDOH Permit to Construct Along or Across a Stream Course
- CSX Transportation Encroachment Permits

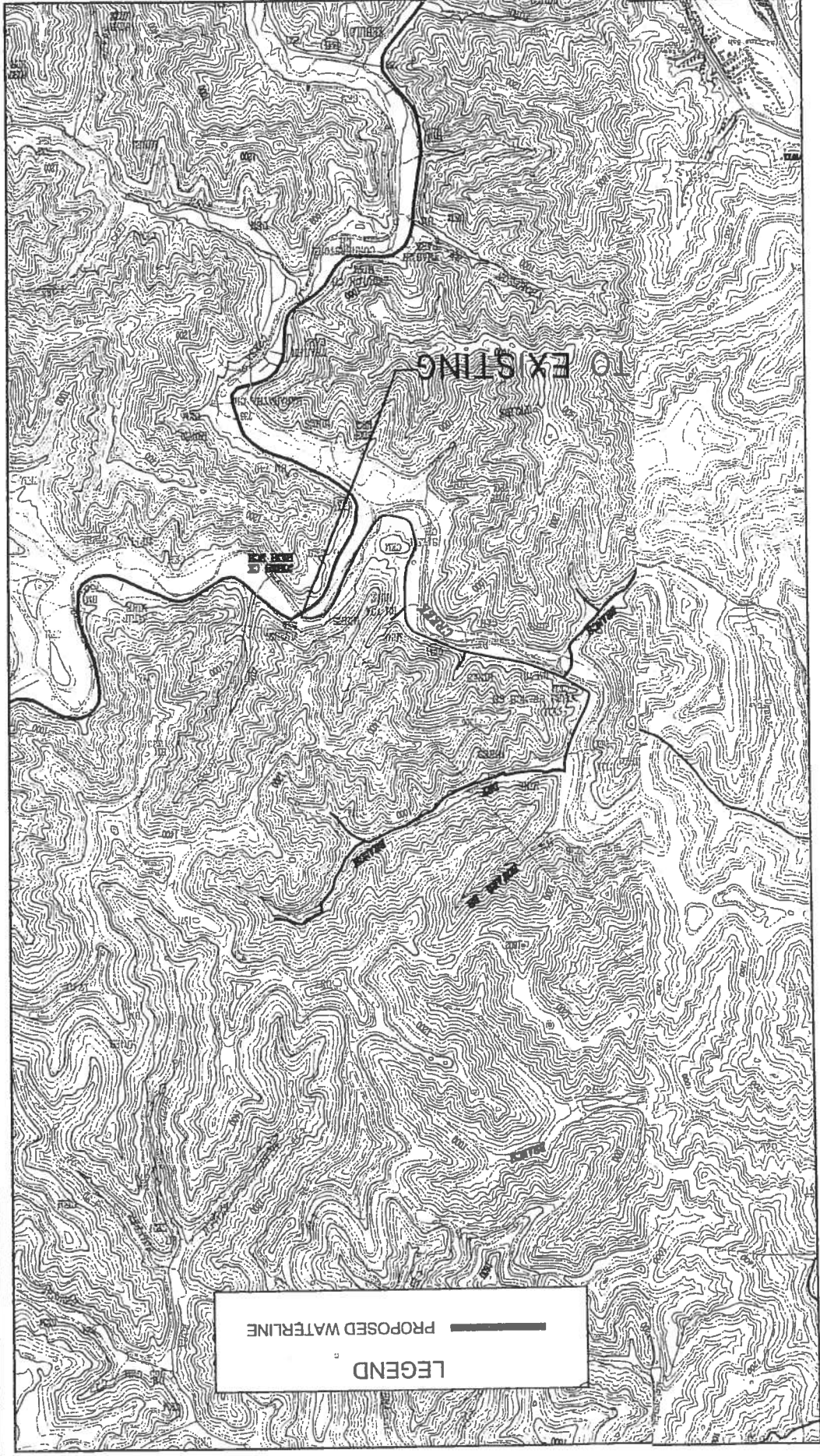
Permit applications will not be prepared until final plans are available.

ITEM 9 – SCHEDULE

The design period should be one (1) month. The construction period should be nine (9) to twelve (12) months. Frequently, the design / construction process is significantly delayed by right of way acquisition.

ITEM 10 – PROXIMITY

The project is located in Johns Creek, Kentucky approximately 10 miles from Pikeville, Kentucky. The Pike County Regional Airport is located within a few miles of the project.



LEGEND
 ——— PROPOSED WATERLINE

DATE: 8-19-03 SCALE: 1" = 3000 FT DRAWN BY: J. HUNT CHECKED BY: CAR SHEET: EX 2-1		LOCATION: AT HUNTSVILLE, VA COUNTY: VA DISTRICT: VA	
SUMMIT ENGINEERING, INC.			
JOHNS CREEK WATER SUPPLY PROJECT WATER SUPPLY PROJECT THE COUNTY, KENTUCKY			
GENERAL LOCATION MAP			
DATE	DESCRIPTION OF REVISION	DATE	DESCRIPTION OF REVISION

**EXHIBIT 7-1
PRELIMINARY OPINION OF PROBABLE PROJECT COST
LOWER JOHNS CREEK WATER SUPPLY PROJECT
03 YEAR PLAN**

ITEM NUMBER	ITEM DESCRIPTION	UNIT	UNIT COST	QTY	AMOUNT
1	Contract 1	LS	\$ 1,883,657.50	1	\$ 1,883,657.50
2	Contract 2	LS	\$ 926,652.50	1	\$ 926,652.50
3	20,000 GAL Skid Tank in Joes Cr. (Alternate)	LS	\$ 40,000.00	1	\$ 40,000.00
4	Telemetry RTU Skid Tank (Alternate)	LS	\$ 7,500.00	1	\$ 7,500.00
5	Pump Station in Joes Cr. (Alternate)	LS	\$ 35,000.00	1	\$ 35,000.00
6	Telemetry RTU Pump Station (Alternate)	LS	\$ 7,500.00	1	\$ 7,500.00
7	20,000 GAL Skid Tank in Dry Br (Alternate)	LS	\$ 40,000.00	1	\$ 40,000.00
8	Telemetry RTU Skid Tank (Alternate)	LS	\$ 7,500.00	1	\$ 7,500.00
9	Pump Station in Dry Br (Alternate)	LS	\$ 35,000.00	1	\$ 35,000.00
10	Telemetry RTU Pump Station (Alternate)	LS	\$ 7,500.00	1	\$ 7,500.00
TOTAL CONSTRUCTION COST					\$2,990,310.00
Construction Contingency @ 10%					\$299,031.00
Basic Engineering @ 6.720%					\$200,948.83
Resident Inspection @ 3.000%					\$89,709.30
Additional Engineering Services					\$70,000.00
Preliminary & Final Engineering Report					\$5,000.00
Project Financing and Administration Including CDBG					\$57,500.00
Environmental					\$7,500.00
Geotechnical					\$5,000.00
Archaeological Investigations					\$1,500.00
Right of Way (Title Opinion, Appraisal, Negotiations, Property Surveys, Acq / Condemnation)					\$50,000.00
Miscellaneous (Legal, Fees for RR permits, Advertisements & Public Notices, etc.)					\$ 43,500.87
TOTAL PROJECT COST					\$3,750,000.00

Exhibit 7-2
Lower Johns Creek Water Supply Project
Preliminary Construction Cost Opinion

ITEM NO.	ITEM	UNIT	CONTRACT 1			CONTRACT 2		
			QUANTITY	UNIT PRICE	AMOUNT	QUANTITY	UNIT PRICE	AMOUNT
1	GENERAL							
1a	Mobilization/DeMobilization	LS	1	\$43,000.00	\$43,000.00	1	\$30,000.00	\$30,000.00
1b	Seeding	LS	1	\$14,500.00	\$14,500.00	1	\$7,000.00	\$7,000.00
1c	Special Pipe Bedding	TON	200	\$20.00	\$4,000.00	200	\$20.00	\$4,000.00
2	WATER LINE							
2a	8" DI Creek Crossing Pipe	LF	200	\$175.00	\$35,000.00	200	\$175.00	\$35,000.00
2b	6" DI Creek Crossing Pipe	LF	80	\$150.00	\$9,000.00	80	\$150.00	\$12,000.00
2f	8" DI Water Line, CL 350, PJ	LF	50,300	\$20.75	\$1,043,725.00	13,200	\$20.75	\$273,900.00
2g	6" DI Water Line, CL 350, PJ	LF	7,600	\$18.75	\$142,500.00	8,550	\$18.75	\$160,312.50
2h	4" DI Water Line, CL 350, PJ	LF	0	\$16.25	\$0.00	4,900	\$16.25	\$79,625.00
2j	4" PVC Water Line, SDR 17	LF	0	\$12.00	\$0.00	0	\$12.00	\$0.00
3	VALVES							
3a	8" Resilient Wedge Gate Valve, MJ	EA	31	\$1,000.00	\$31,000.00	14	\$1,000.00	\$14,000.00
3b	6" Resilient Wedge Gate Valve, MJ	EA	7	\$950.00	\$6,650.00	8	\$950.00	\$7,600.00
3c	4" Resilient Wedge Gate Valve, MJ	EA	10	\$900.00	\$9,000.00	14	\$900.00	\$12,600.00
4	FITTINGS							
4a	8"x8"x8" Compact DI Tee, MJ	EA	3	\$300.00	\$900.00	1	\$300.00	\$300.00
4b	8"x8"x8" Compact DI Tee, MJ	EA	7	\$300.00	\$2,100.00	2	\$300.00	\$600.00
4c	8"x8"x4" Compact DI Tee, MJ	EA	0	\$300.00	\$0.00	2	\$300.00	\$600.00
4d	6"x6"x6" Compact DI Tee, MJ	EA	0	\$300.00	\$0.00	0	\$300.00	\$0.00
4e	6"x6"x4" Compact DI Tee, MJ	EA	0	\$300.00	\$0.00	2	\$300.00	\$600.00
4f	4"x4"x4" Compact DI Tee, MJ	EA	0	\$300.00	\$0.00	0	\$300.00	\$0.00
4g	8" CAP	EA	2	\$300.00	\$600.00	1	\$300.00	\$300.00
4h	8"x6" Reducer	EA	0	\$300.00	\$0.00	1	\$300.00	\$300.00
4i	8"x4" Reducer	EA	0	\$300.00	\$0.00	0	\$300.00	\$0.00
4j	6"x4" Reducer	EA	0	\$300.00	\$0.00	1	\$300.00	\$300.00
5	ENCASEMENTS							
5a	Bore and Encase for 8" Water Line	LF	230	\$175.00	\$40,250.00	130	\$175.00	\$22,750.00
5b	Bore and Encase for 6" Water Line	LF	0	\$170.00	\$0.00	50	\$170.00	\$8,500.00
5c	Bore and Encase for 4" Water Line	LF	0	\$150.00	\$0.00	0	\$150.00	\$0.00
5d	Open Cut Case for 8" Water Line	LF	435	\$60.00	\$26,100.00	20	\$60.00	\$1,200.00
5e	Open Cut Case for 6" Water Line	LF	60	\$50.00	\$3,000.00	120	\$50.00	\$6,000.00
5d	Open Cut Case for 4" Water Line	LF	0	\$45.00	\$0.00	20	\$45.00	\$900.00
6	SERVICE CONNECTIONS							
6a	5/8" x 3/4" Water Meter Set w Double Cut Regulation	EA	0	\$600.00	\$0.00	0	\$600.00	\$0.00
6b	5/8" x 3/4" Water Meter Set with PRV	EA	293	\$500.00	\$146,500.00	146	\$500.00	\$73,000.00
6c	1" Copper Service Line - Type "K"	LF	0	\$8.00	\$0.00	0	\$8.00	\$0.00
6d	3/4" Copper Service Line - Type "K"	LF	21,975	\$7.50	\$164,812.50	10,922	\$7.50	\$81,915.00
7	HYDRANTS							
7a	Air Release	EA	8	\$1,600.00	\$12,800.00	3	\$1,600.00	\$4,800.00
7b	Blow-Off	EA	10	\$1,600.00	\$16,000.00	9	\$1,600.00	\$14,400.00
8	SURFACE REPLACEMENT (FOR MAIN LINE ONLY)							
8a	Pavement Replacement	LF	5,790	\$18.00	\$104,220.00	2,675	\$18.00	\$48,150.00
9	SAMPLING MH'S AND PRV'S							
9a	PRV	EA	0	\$0.00	\$0.00	0	\$0.00	\$0.00
9b	Sampling Manhole	EA	2	\$12,000.00	\$24,000.00	2	\$12,000.00	\$24,000.00
9c	Connect to Existing	EA	2	\$2,000.00	\$4,000.00	1	\$2,000.00	\$2,000.00
10	WATER STORAGE TANK							
10a	20,000 GAL Joes Creek Skid Tank (Alternate)	EA	1	\$40,000.00	\$40,000.00	0	\$40,000.00	\$0.00
10c	Telemetry RTU Joes Cr. Skid Tank (Alternate)	EA	1	\$7,500.00	\$7,500.00	0	\$7,500.00	\$0.00
10d	20,000 GAL Dry BR. Skid Tank (Alternate)	EA	0	\$40,000.00	\$0.00	1	\$40,000.00	\$40,000.00
10e	Telemetry RTU Dry BR. Skid Tank (Alternate)	EA	0	\$7,500.00	\$0.00	1	\$7,500.00	\$7,500.00
10f	Joes Cr. Pump Station (Alternate)	EA	1	\$35,000.00	\$35,000.00	0	\$35,000.00	\$0.00
10e	Telemetry RTU Joes Cr. Pump Station (Alternate)	EA	1	\$7,500.00	\$7,500.00	0	\$7,500.00	\$0.00
10f	Dry Branch Pump Station (Alternate)	EA	0	\$35,000.00	\$0.00	1	\$35,000.00	\$35,000.00
10e	Telemetry RTU Dry BR. Pump Station (Alternate)	EA	0	\$7,500.00	\$0.00	1	\$7,500.00	\$7,500.00
	TOTAL				\$1,883,657.50			\$926,652.50
	Total With Alternates:				\$1,973,657.50			\$1,018,652.50

ESTIMATION EXPLANATION

Mobilization/DeMobilization @ 2.5% of Construction Cost
 Seeding @ \$0.25 / LF
 3/4" Copper Service Line - Type "K" @ 75 LF / House
 Pavement Replacement @ 10% of Line Length

Sum of Contract 1&2 With Alternates:	\$2,990,310.00
Sum of Contract 1&2 Without Alternates:	\$2,010,310.00

Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

February 8, 2008

2008-52

RECEIVED

FEB 11 2008

PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Re: Mountain Water District - PSC Application

Dear Ms. O'Donnell:

Enclosed please find the original and ten (10) copies of the Application of the Mountain Water District for a Certificate of Public Convenience and Necessity to construct, finance and increase rates pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069, with the exception of the **Preliminary and Final Engineering Reports, of which two (2) copies are enclosed.**

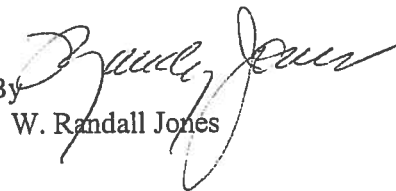
If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By

W. Randall Jones



WRJ:jl
Enclosures
cc: Distribution List

DISTRIBUTION LIST

Account No. 2286.0000

Re: Mountain Water District Waterworks Revenue Bonds, Series 2008, in the principal amount of \$650,000 (Russell Fork Water Plant Project)

Mr. Kenneth Slone, State Director
Rural Development
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5744

Phone: (859) 224-7336
Fax: (859) 224-7425

Mr. Ronnie Brooks
Rural Development
220 West First Street
Morehead, Kentucky 40351

Phone: (606) 784-6447
Fax: (606) 784-2076

Mr. Will Brown, Superintendent
Mountain Water District
P.O. Box 3157
Pikeville, Kentucky 41502-3157

Phone: (606) 631-9162
Fax: (606) 631-3087

Bryan K. Lovan, P.E.
O'Brien & Gere Engineers
1019 Majestic Drive, Suite 110
Lexington, Kentucky 40513

Telephone: (859) 223-0137
Fax: (859) 223-0629

Daniel Stratton, Esq.
Stratton, Hogg & Maddox, P.S.C.
P.O. Box 1530
Pikeville, Kentucky 41502-1530

Phone: (606) 437-7800
Fax: (606) 437-7569

W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202

Phone: (502) 569-7534
Fax: (502) 569-7555

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

FEB 11 2003

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF MOUNTAIN WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT,)
FINANCE AND INCREASE RATES PURSUANT)
TO KRS 278.023)

Case No. 2008-52

APPLICATION

This Application of the Mountain Water District ("Applicant") respectfully shows:

1. That Applicant is a water district of Pike County, Kentucky, created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.

2. That the post office address of Applicant is:

Mountain Water District
c/o Mr. Will Brown, Manager
P.O. Box 3157
Pikeville, Kentucky 41502-3157

3. That Applicant, pursuant to the provisions of KRS 278.020 and 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting Applicant to construct a waterworks construction project, consisting of extensions, additions, and improvements (the "Project") to the existing waterworks and sewer system of Applicant; (ii) an Order approving increased rates; and (iii) approval of the proposed plan of financing said Project.

4. That the project consists of the construction and installation of a new 2,600 GPM pump station and certain renovations to the Russell Fork Water Treatment Plant.

5. That Applicant proposes to finance the construction of the Project through the issuance of \$650,000 of its Waterworks Revenue Bonds. Applicant has a commitment from USDA, Rural Development ("RD") to purchase said \$650,000 of bonds maturing over a 40-year period, at an interest rate of not exceeding 4.50% per annum, as set out in the RD Letter of Conditions filed herewith as an Exhibit.

6. That Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Public Service Commission.

7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:

- A. Copy of RD Letter of Conditions.
- B. Copy of RD Letter of Concurrence in Contract Award.
- C. Copy of Preliminary and Final Engineering Reports.
- D. Certified statement from the Chairperson of Applicant, based upon statements of the Engineers for Applicant, concerning the following:
 - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4 (3) and (4); Section 5 (1); Sections 6 and 7; Section 8 (1) through (3); Section 9 (1) and Section 10;
 - (2) All other state approvals or permits have already been obtained;
 - (3) The proposed rates of Applicant shall produce the total revenue requirements set out in the engineering reports; and
 - (4) Setting out the dates when it is anticipated that construction will begin and end.


8. That Applicant has arranged for the publication, prior to or at the same time this Application is filed, of a Notice of Proposed Rate Change pursuant to Section 2 of 807 KAR 5:069, in the Appalachian News-Express, which is the newspaper of general circulation in Applicant's service area and in Pike County, Kentucky. Said Notice sets out the current rates and the proposed rates of Applicant and a short description of the Project. A copy of said Notice is filed herewith as an Exhibit.

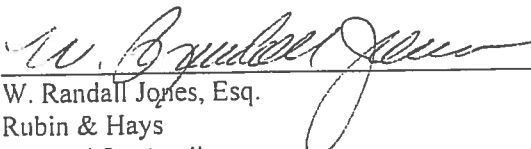
9. That the foregoing constitutes the documents necessary to obtain the approval of the Kentucky Public Service Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Filing Requirements" specified in 807 KAR 5:069, Section 1.

WHEREFORE, Applicant, the Mountain Water District asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a waterworks project consisting of extensions, additions, and improvements to the existing waterworks system of Applicant.
- b. An Order approving the financing arrangements made by Applicant, viz., the issuance of \$650,000 of Mountain Water District Waterworks Revenue Bonds at an interest rate of not exceeding 4.50% per annum.
- c. An Order approving the proposed increased rates as set out in Section 24 of the RD Letter of Conditions, filed herewith as an Exhibit.

Mountain Water District

By: 
Chairperson
Board of Water Commissioners


W. Randall Jones, Esq.
Rubin & Hays
Counsel for Applicant
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525





United States Department of Agriculture
Rural Development
Kentucky State Office

November 8, 2007

Ms. Toni Akers, Chairperson
Mountain Water District
P.O. Box 3157
Pikeville, Kentucky 41502-3157

Dear Ms. Akers:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$650,000.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 240 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7336 • Fax: (859) 224-7444 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights,
1400 Independence Avenue, SW, Washington, DC 20250-9410
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD)

1. Number of Users and Their Contribution:

There shall be 15,614 water users, all of which are existing users. The Area Director will review and authenticate the number of users prior to advertising for construction bids. No Contribution is required from the District.

2. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the Bond. Principal payment will not be deferred for a period in excess of two years from the date of the Bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

3. Recommended Repayment Method:

Payments on this loan shall be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form SF 5510, "Authorization Agreement for Preauthorized Payments," should be signed by the District to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

4. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance, pay for repairs, and assist with debt service should the need arise.

The District will be required to deposit \$290 per month into a "Funded Depreciation Reserve Account" until the account reaches \$34,800. The deposits are to be resumed any time the account falls below the \$34,800.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the District's prior bond resolutions.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

The District also needs to fund an account for short-lived assets by depositing a sum of \$32,272 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's water system.

5. Security Requirements:

A pledge of gross water revenue will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds, if possible.

If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

6. Land Rights and Real Property:

The District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

7. Organization:

The District will be legally organized under applicable KRS which will permit them to perform this service, borrow and repay money.

8. Business Operations:

The District will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the District after review by Rural Development. At no later than loan pre-closing, the District will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, delayed payment penalties, disconnect/reconnect fees, bookkeeping, making and delivering required reports and audits.

9. Accounts, Records and Audits:

The District will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits) in accordance with subsection 1780.47 of RUS Instruction 1780.

The enclosed audit booklet will be used as a guide for preparation of audits. The District shall be required to submit a copy of its audit agreement for review and concurrence by Rural Development prior to pre-closing the loan.

The District will be required to establish and maintain separate accounts for each system. Annual audits, budgets, and reports will be submitted to Rural Development showing separate accounts.

10. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The District will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

11. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the District. The District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$724,000.
- D. Real Property Insurance - The District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

12. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "21" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.

B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:

1. Final plans, specifications and bid documents.
2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
3. Legal Service Agreements.
4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the District will obtain advance clearance from Bond Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

13. Civil Rights & Equal Opportunity:

You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

A. Section 504 of the Rehabilitation Act of 1973:

Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Rural Development financial assistance.

B. Civil Rights Act of 1964:

All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this Title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this Title.

C. The Americans with Disabilities Act (ADA) of 1990:

This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

D. Age Discrimination Act of 1975:

This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Rural Development financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

14. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the District.

15. Compliance with Special Laws and Regulations:

The District will be required to conform to any and all state and local laws and regulations affecting this type project.

16. Treatment Plant/System Operator:

The District is reminded that the treatment plant and/or system operator must have an Operator's Certificate issued by the State.

17. Prior to Pre-Closing the Loan, the District Will Be Required to Adopt:

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."
- G. RUS Bulletin 1780-22, "Eligibility Certification."

18. Refinancing and Graduation Requirements:

The District is reminded that if at any time it shall appear to the Government that the District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the District will apply for and accept such loan in sufficient amount to repay the Government.

19. Commercial Interim Financing:

The District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

20. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the District prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

For each "construction account" as established, if the amount of RUS loan funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$100,000 at any time, the financial institution will secure the amount in excess of \$100,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

During construction, the District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the District, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the District.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

Borrowers receiving federal loan and/or grant funds by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

Monthly audits of the District's construction account records shall be made by Rural Development.

21. Cost of Facility:

Breakdown of Costs:

Development	\$ 479,400
Legal and Administrative	9,600
Engineering	93,400
Interest	19,800
Contingencies	<u>47,800</u>
TOTAL	\$ 650,000

Financing:

RUS Loan	\$ <u>650,000</u>
TOTAL	\$ 650,000

22. Use of Remaining Project Funds:

After providing for all authorized costs, any remaining project funds will be considered to be RUS loan funds and refunded to RUS.

23. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed loan repayment prior to this agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow, subject to completion of this project in the first full year of operation. Form RD 442-7, "Operating Budget," or similar form may be utilized for this purpose.

24. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

5/8 Inch Meter:

First	2,000	gallons @ \$	20.02 - Minimum Bill.
Next	8,000	gallons @ \$	7.01 - per 1,000 gallons.
All Over	10,000	gallons @ \$	6.22 - per 1,000 gallons.

1 Inch Meter:

First	5,000	gallons @ \$	42.00 - Minimum Bill.
Next	5,000	gallons @ \$	7.01 - per 1,000 gallons.
All Over	10,000	gallons @ \$	6.22 - per 1,000 gallons.

2 Inch Meter:

First 20,000 gallons @ \$ 130.00 - Minimum Bill.
 All Over 20,000 gallons @ \$ 6.22 - per 1,000 gallons.

3 Inch Meter:

First 30,000 gallons @ \$ 190.00 - Minimum Bill.
 All Over 30,000 gallons @ \$ 6.22 - per 1,000 gallons.

4 Inch Meter:

First 50,000 gallons @ \$ 300.00 - Minimum Bill.
 All Over 50,000 gallons @ \$ 6.22 - per 1,000 gallons.

6 Inch Meter:

First 100,000 gallons @ \$ 595.00 - Minimum Bill.
 All Over 100,000 gallons @ \$ 6.22 - per 1,000 gallons.

Wholesale Rates:

Martin County Water District	\$ 2.40 - per 1,000 gallons.
Mingo County Public Service District	\$ 3.75 - per 1,000 gallons.
Nolin Public Service District	\$ 2.40 - per 1,000 gallons.
Elkhorn City, City of	\$ 2.25 - per 1,000 gallons, First 215,000/day.
	\$ 2.40 - per 1,000 gallons, Over 215,000/day.

Other Rates and Charges the District Proposes to Implement:

Line Leak Adjustment Rate \$ 3.60 - per 1,000 gallons.

25. Compliance with the Bioterrorism Act:

Prior to pre-closing the loan, the District will provide a certification they have completed a Vulnerability Assessment (VA) and prepared an emergency response plan (ERP) as required by the Safe Drinking Water Act (SDWA).

26. Floodplain Construction:

The District will be required to pass and adopt a Resolution or amend its By-Laws whereby the District will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain. If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the District and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

27. Water Withdrawal Permit:

The District will be required to obtain satisfactory evidence that a revised water withdrawal permit has been secured from the Division of Water. The permit must be obtained prior to the commencement of construction on the water project.

28. Mitigation Measures:

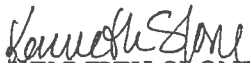
- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated August 27, 2007, from Ms. Lee Nalley.
- B. The design and construction shall be in compliance with the requirements of the U.S. Fish and Wildlife Service as requested by letter dated August 24, 2007, and signed by Virgil Lee Andrews, Jr., Field Supervisor.
- C. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without effect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- D. Any excavation by Contractor that uncovers a historical or archaeological artifact shall be immediately reported to Owner and a representative of Agency. Construction shall be temporarily halted pending the notification process and further directions issued by Agency after consultation with the State Historic Preservation Officer (SHPO).
- E. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.

29. Final Approval Conditions:

Final approval of this assistance will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Area Director will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,


KENNETH SLONE
State Director

Enclosures

cc: Area Director - Morehead, Kentucky
Big Sandy ADD - Prestonsburg, Kentucky
Rubin and Hays - Louisville, Kentucky
Daniel Stratton - Pikeville, Kentucky
O'Brien & Gere - Lexington, Kentucky
PSC - ATTN: Bob Amato - Frankfort, Kentucky





United States Department of Agriculture
Rural Development
Kentucky State Office

February 8, 2008

SUBJECT: Mountain Water District
Russell Fork WTP Improvements
Contract Award Concurrence

TO: Area Director
Morehead, Kentucky

Based on the change order submitted for the proposed work and addition of all Rural Development contract requirements, RD concurs in the recommendation of the consulting engineer to allow the change order work to be performed by Howard Engineering and Construction, Inc., in the amount of \$505,000.00. The contract has been reviewed and is in compliance with Rural Development regulations.

If you have any questions, please contact Julie Anderson, State Engineer, at (859) 224-7348.


KENNETH SLONE
State Director
Rural Development

cc: O'Brien and Gere, Inc.
Lexington, Kentucky

Randy Jones
Ruben and Hayes
Louisville, Kentucky

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7300 • Fax: (859) 224-7425 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities

"USDA is an equal opportunity provider, employer and lender."
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NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set out in 807 KAR 5:069, Section 2, notice is hereby given to the customers of the Mountain Water District of a change to the District's rate schedule as set forth herein. The proposed rate change is required by Rural Development in connection with a loan by USDA, Rural Development ("RD") to the District in the amount of \$650,000 to be evidenced by the issuance by the District of its Waterworks Revenue Bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising its water rates and charges as set forth below:

Current Monthly Rates

5/8" x 3/4" Meters:

First 2,000 gallons	\$18.06 minimum bill
Next 8,000 gallons	6.03 per 1,000 gallons
All over 10,000 gallons	5.24 per 1,000 gallons

1" Meters:

First 5,000 gallons	\$36.15 minimum bill
Next 5,000 gallons	6.03 per 1,000 gallons
All over 10,000 gallons	5.24 per 1,000 gallons

2" Meter:

First 20,000 gallons	\$118.70 minimum bill
All over 20,000 gallons	5.24 per 1,000 gallons

3" Meter:

First 30,000 gallons	\$171.10 minimum bill
All over 30,000 gallons	5.24 per 1,000 gallons

4" Meter:

First 50,000 gallons	\$275.90 minimum bill
All over 50,000 gallons	5.24 per 1,000 gallons

6" Meter:

First 100,000 gallons	\$537.90 minimum bill
All over 100,000 gallons	5.24 per 1,000 gallons

Current Wholesale Rates

Martin County Water District	\$1.80 per 1,000 gallons
Mingo County Public Service District	3.63 per 1,000 gallons
City of Elkhorn City	1.58 per 1,000 gallons

Current Other Rates and Charges

Line Leak Adjustment Rate	\$3.37 per 1,000 gallons
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Proposed Monthly Rates

5/8" x 3/4" Meters:

First 2,000 gallons	\$20.02 minimum bill
Next 8,000 gallons	7.01 per 1,000 gallons
All over 10,000 gallons	6.22 per 1,000 gallons

1" Meters:

First 5,000 gallons	\$42.00 minimum bill
Next 5,000 gallons	7.01 per 1,000 gallons
All over 10,000 gallons	6.22 per 1,000 gallons

2" Meter:

First 20,000 gallons	\$130.00 minimum bill
All over 20,000 gallons	6.22 per 1,000 gallons

3" Meter:

First 30,000 gallons	\$190.00 minimum bill
All over 30,000 gallons	6.22 per 1,000 gallons

4" Meter:

First 50,000 gallons	\$300.00 minimum bill
All over 50,000 gallons	6.22 per 1,000 gallons

6" Meter:

First 100,000 gallons	\$595.00 minimum bill
All over 100,000 gallons	6.22 per 1,000 gallons

Proposed Wholesale Rates

Martin County Water District	\$2.40 per 1,000 gallons
Mingo County Public Service District	3.75 per 1,000 gallons

City of Elkhorn City

First 215,000 gallons per day	\$2.25 per 1,000 gallons
All over 215,000 gallons per day	2.40 per 1,000 gallons

Proposed Other Rates and Charges

Line Leak Adjustment Rate	\$3.60 per 1,000 gallons
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The RD loan proceeds will be used to finance the cost of extensions, additions and improvements to the existing waterworks system of the District, consisting of the construction and installation of a 2,600 GPM pump station and certain renovations to the Russell Fork Water Treatment Plant. Signed: Toni Akers, Chairperson, Mountain Water District

RECEIVED

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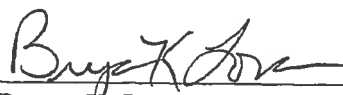
PUBLIC SERVICE
COMMISSION

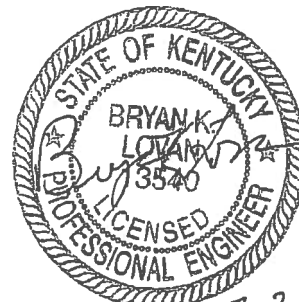
**Preliminary Engineering Report
and
Summary Addendum
Mountain Water District
Water Treatment Plant Upgrade
July 2007**

prepared by:

O'Brien & Gere
1019 Majestic Drive, Suite 110
Lexington, Kentucky 40513
859.223.0137

Submitted By:


Bryan K. Lovan, P.E.
Project Engineer



7-2-07

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1. Introduction

1.1 Purpose

The purpose of this report is to address the improvements to the Russell Fork Water Treatment Plant (WTP) that is owned and operated by the Mountain Water District. The improvements are:

1. Install a new high service pump and wet well with penetrations to the existing clearwell and connect into the distribution system.
2. Repair leaks between the filter/contact chamber and Actiflo Process area and leaks in the High Service Pump pit.
3. Repair/replace pneumatic actuated filter valve for Filter No. 4.
4. Correct drainage around the housekeeping pads of Actiflo units No. 1 and No. 2.
5. Replace existing polymer mixing/transfer unit that is in poor condition.
6. Replace existing bulk chemical feed transfer pumps with new chemical resistant pumps.
7. Seal all concrete floor surfaces in the chemical feed areas with a chemical resistant coating system.
8. Retrofit existing high service pump piping with isolation valves and install suction inlet bells on clearwell suction lines.

The estimated construction cost will be determined based on the requirements presented in this report and recommendations made to keep the total project costs within the budgeted project amount of \$650,000. This report will be reviewed and approved by the Owner prior to the completion of the design.

1.2 Background

The existing WTP is located approximately 15 miles southwest of Pikeville, Kentucky on US-460. The treatment plant withdraws water from the Russell Fork of the Levisa Fork of the Big Sandy River in Pike County. The plant is a surface water treatment plant that uses the Actiflo microsand flocculation process to treat the raw water prior to filtration. The present plant was constructed using two Actiflo Treatment units with a combined capacity of 2.0 MGD. The addition of a third Actiflo treatment unit is currently under construction along with providing much needed grit removal

equipment. This will allow the plant to achieve an ultimate production rate of 3.0 MGD. The present demand required the existing 2.0-MGD plant to operate in excess of the plant's rated capacity at certain times. Therefore, the plant capacity was increased and the third Actiflo treatment unit added.

The raw water source is Russell Fork and the intake is located approximately 1,100 feet south of the WTP on US-460. The raw water is pumped to the WTP from Russell Fork. The water has a large amount of grit and silt that create treatment and O&M problems for the plant operators. Therefore, a grit removal system is proposed. The grit that is removed will be discharged to Harless Creek that is tributary to Russell Fork. Harless Creek discharges to Russell Fork downstream of the raw water intake.

1.3 Project Funding

The Mountain Water District has requested funding from the USDA Rural Development in the amount of \$650,000 designated for these proposed improvements to the Russell Fork WTP. The funds will be used to negotiate an amendment to the construction contract with the contractor currently under contract.

2. Proposed Improvements

2.1 Install New High Service Pump and Wet Well

The WTP currently has two horizontal centrifugal high service pumps located in the high service pump pit area connected to the clearwell via a common 12-inch DIP header. During high demand periods that require the use of both pumps or when the clearwell's water level is below the mid-point, the existing high service pumps experience signs of cavitation and are not able to meet the system demands.

The current pumps are rated at approximately 1,550 gpm each and it is proposed to install one vertical turbine high pump rated at 2,500 gpm with variable frequency drive (VFD) controls to meet the new 3.0 MGD WTP's average demands and to meet peak system hourly demands of 3.6 MGD.

The new high service pump will be installed in a newly constructed 12-foot x 15-foot concrete wet well adjacent to the exiting plant near the northwest corner. A new 30-inch DIP will connect the existing clearwell to the new wet well. The wet well will be designed where the new pumps will have adequate volume of water to pump without

cavitation when the existing clearwell water level is at the lowest level. The existing high service pumps will be maintained as back-up pumps for redundancy requirements. The high service pump and wet well will be designed to meet Hydraulic Institute Standard requirements.

2.2 Repair leaks in the Actiflo Process area and High Service Pump pit

A leak has developed within the Actiflo process area and high service pump pit and is considered essential to the structural integrity of the building and important to the overall housekeeping. The source of this leak originates in the wall between the Actiflo area and the filters. This work is difficult to estimate, as the origin of the leak(s) is not apparent. Investigations during design could require destructive inspections that may aggravate the situation and call for immediate temporary repairs. Therefore, it is recommended that this work be while a construction contractor is on site. The contractor would then propose on the work by a subcontractor who specializes in crack/leak repair.

2.3 Repair/replace pneumatic actuated filter valve for Filter No. 4

The existing pneumatic control valve for the backwash line on filter no. 4 does not close completely. This valve needs to be repaired or replaced with a fully functioning valve that will provide a tight seal when closed. This is necessary to prevent any cross-contamination during backwashing of the remaining filters and during filter-to-waste operations.

2.4 Correct drainage around the housekeeping pads of Actiflo units No. 1 and No. 2

The existing concrete housekeeping pads beneath Actiflo units No. 1 and No. 2 will be corrected to provided adequate drainage for the wash-down water and controlled seepage and to prevent the unit's steel frames from corroding due to the continuous contact with the water under the units.

2.5 Replace existing polymer mixing/transfer unit

The existing polymer mixing/transfer unit for the Actiflo treatment process is in disrepair and needs to be replaced. This unit is necessary for the addition of the chemical polymer to bind the micro-sand particles with the raw water to create the ballasted floc. The unit has experience several problems since it was first placed in service and needs to be replace with another more reliable and robust unit. All necessary spare parts, pumps, and mixers will be supplied

for reliability and redundancy to keep the unit in good operating condition.

2.6 Replace existing bulk chemical feed transfer pumps

The existing bulk chemical feed transfer pumps for all bulk chemicals have fallen into disrepair and suffered from chemical corrosion. The pumps need to be replaced with chemical resistance pumps for each type chemical and place chemically resistant pump pads.

The WTP has currently replaced one pump and has installed a temporary pump for one chemical. These pumps are necessary to transfer the chemicals from the bulk tanks to the day tanks on the second level each and every day. These units have started experiencing problems and needs to be replaced with more reliable and robust units. All necessary spare parts and seals will be supplied for reliability and redundancy to keep the units in good operating condition.

2.7 Seal concrete floor surfaces in the chemical feed areas with a chemical resistant coating system

The existing chemical feed and storage tank area's concrete floor has suffered from chemical attack and corrosion. There are several areas in the chemical feed rooms and around each bulk storage tank that have severe pitting of the concrete floor due to chemical spills, overflows, or splashing. The existing floor does not have a resistant coating system to protect from chemical attack.

It is proposed that all concrete floor areas subject to chemical exposure be blasted, cleaned, and two coats of a two part vinylester chemical resistant coating system. For the heavily pitted areas, self-leveling resistant filler will be applied prior to the applying the chemical resistant coating system.

2.8 Install isolation valves and suction inlet bells in the High Service Pump pit

The WTP currently has two horizontal centrifugal high service pumps located in the high service pump pit area connected to the clearwell via a common 12-inch DIP header. This common header does not allow for the isolation of either high service pump from the clearwell and to be removed for repairs and while still maintain service to the other pump. It is proposed to install isolation valves between each high service pump's suction header and the clearwell.

Also, during high demand periods that require the use of both pumps or when the clearwell's water level is below the mid-point, the existing high service pumps experience signs of severe cavitation and vibration. This is caused by the high headloss in the suction piping due to the entrance losses in the clearwell piping. From investigation of the clearwell piping, it was discovered that the suction pipe has a "plain end" entrance. The Hydraulic Institute Standards recommend that all submerged pipes have a flared inlet bell with a diameter of two times greater than the suction pipe. It is proposed that while the other work is being conducted on the clearwell that these flared inlet bells be installed on the existing piping.

2.9 Instrumentation

The treatment plant has the instrumentation necessary for process control and reporting. Under the proposed project, the existing instrumentation will be modified to provide the necessary process control for the new high service pump and modify the existing SCADA system to integrate these changes.

3. Project Cost Estimate

3.1 Project Estimate

Estimates were used to develop the preliminary construction estimate. TABLE 1 provides the preliminary construction cost estimate for the improvements necessary to procure and install the proposed work as well as the total estimated project cost.



O'BRIEN & GERE

PRELIMINARY OPINION OF PROJECT COST

Project : Russell Fork WTP Renovation

Date : 07/02/07

Job No. :

Revised : 07/02/07

Est. By: BKL

ITEM NO.	SUMMARY OF:	QUANTITY			TOTAL COST
		NO. OF UNITS	UNIT MEAS.	COST PER UNIT	
1	High Service Pumps & New Wet Well & Tie into Distribution System	1	LS	\$ 282,500.00	\$ 282,500.00
2	Repair Leaks Between Filter/Contact Chamber and Actiflo Area and Leaks in High Service Pit	1	LS	\$ 5,500.00	\$ 5,500.00
3	Repair/Replace Pneumatic Actuated Valve Filter #4	1	LS	\$ 12,000.00	\$ 12,000.00
4	Fix Drainage on Housekeeping Pads of Actiflo Units #1 & #2	2	LS	\$ 6,500.00	\$ 13,000.00
5	Replace Polymer Mixing/Transfer Unit	1	LS	\$ 4,500.00	\$ 4,500.00
6	Replace Chemical Feed and Bulk Transfer Pumps	6	EA	\$ 3,500.00	\$ 21,000.00
7	Seal Concrete in Chemical Areas				
	Chemical Bulk Storage Area	1300	SF	\$ 8.00	\$ 10,400.00
	Polymer Feed & Flouride Area	250	SF	\$ 8.00	\$ 2,000.00
	Chemical Area Hallway	260	SF	\$ 6.50	\$ 1,690.00
	Upper Level Chemical Feed Area	675	SF	\$ 7.50	\$ 5,062.50
8	Retrofit Piping in High Service Pit & Install Valve & Bells On Clearwell Suction Lines	1	LS	\$ 20,000.00	\$ 20,000.00
9	Misc. Elec. Work	15.0%	LS	\$ -	\$ 48,000.00
10	Instrumentation / SCADA Work	7.5%	LS	\$ -	\$ 21,200.00
11	Misc. Site Grading / Yard Piping	1	LS	\$ 32,500.00	\$ 32,500.00
SUBTOTAL AMOUNT					\$ 479,352.50
CONSTRUCTION CONTINGENCY 10%					\$ 47,900.00
TOTAL ESTIMATED CONSTRUCTION COST					\$ 527,252.50
PRELIMINARY ENGINEERING REPORT					\$ 7,500.00
ENGINEERING DESIGN 10.38%					\$ 49,770.00
RESIDENT INSPECTION 7.52%					\$ 36,100.00
BOND AND LOCAL ATTORNEY					\$ 9,550.00
INTERIM FINANCING					\$ 19,827.50
TOTAL ESTIMATED PROJECT COST					\$ 650,000.00

4. Construction Schedule

4.1 Construction Schedule

The District currently has a contractor on site and under contract for work on the plant to install equipment for additional capacity that these proposed improvements are a necessary part of the daily operation of the WTP. Therefore it is important to understand that the inherent delays in waiting until this current work is completed, procuring another contractor, materials and equipment would cause the equipment to continue to fall into disrepair and experience problems. A total project construction period of 270 days is anticipated.

5. Recommendations

1. The engineer recommends that the Mountain Water District negotiate a change order with the existing contractor for the proposed work and equipment.
2. The design should be completed and submitted to the DOW for review and approval.
3. Resident Inspection is recommended only for the duration that the contractor actively building the high service pump wet well and/or installing the equipment. The amount of resident inspection should be weighed against the need to budget approximately 5% for contingency following the receipt of the negotiated bids.

KENTUCKY GUIDE 7
MAY 1998

SUMMARY ADDENDUM
TO
PRELIMINARY ENGINEERING REPORT

DATED: **July 2007**

FOR

Mountain Water District

APPLICANT CONTACT PERSON: **Will Brown**

APPLICANT PHONE NUMBER: **606.631.9162**

APPLICANT TAX IDENTIFICATION NUMBER (TIN): **61-1098805**

ITEMS IN BOLD ITALIC PRINT ARE APPLICABLE TO SEWER SYSTEMS.

In order to avoid unnecessary delays in application processing, the applicant and its consulting engineer should prepare a summary of the preliminary report in accordance with this Guide.

Please complete the applicable sections of the Summary Addendum. ***Please note, if water and sewer revenue will both be taken as security for the loan, all user information and characteristics of both utility systems will be needed even though the project will benefit only one utility.***

Feasibility review and grant determinations may be processed more accurately and more rapidly if the Summary/Addendum is submitted simultaneously with the preliminary engineering report, or as soon thereafter as possible.

General

A. Proposed Project: Provide a brief description of the proposed project. In addition to this summary, the applicant/engineer should submit a project map of the service area.

This project will involve renovations to the Russell Fork Water Treatment Plant. The detailed cost estimate attached to the Preliminary Engineering Report list twelve items that will be installed, replaced, or repaired.

II. FACILITY CHARACTERISTICS OF EXISTING SEWER SYSTEM

A. Sewage Treatment:

1. Type: *Extended Aeration*
2. Method of Sludge Disposal: *Trucked to City of Pikeville's WWTP*
3. Cost per 1,000 gallons if sewage treatment is contracted:
\$250 per sludge truckload
4. Date Constructed: *1997*

B. Treatment Capacity of Sewage Treatment Plant: *200,000 gallons*

C. Type of Sewage Collector System (Describe): *Primarily gravity with some force main*

D. Number and Capacity of Sewage Lift Stations: *eighteen - range from 500 GPD to 135,000 GPD*

E. Sewage Collection System:

<i>Lineal Feet of Collector Lines, by size:</i>	<i>6" _____</i>	<i>8" _____</i>
	<i>10" _____</i>	<i>12" _____</i>
<i>Total:</i>	<i>73,920 lf</i>	

Date(s) Constructed:

F. Conditions of Existing System. Briefly describe the conditions and suitability for continued use of facilities now owned by the applicant. Include any major renovation that will be needed within five to ten years.

III. FACILITY CHARACTERISTICS OF EXISTING WATER SYSTEM

- A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also describe the adequacy of Water Purchase Contract if applicable.

The Mountain Water District produces and purchases water. It owns a water treatment plant on the Russell Fork at Marrowbone in southeast Pike County. The District purchases water from the City of Pikeville and City of Williamson WV. The District sells a small amount of water regularly to the Martin County Water District and daily to the City of Elkhorn City.

The purchase contracts with Pikeville and Williamson are for 45 and 40 million gallons per day. The Russell Fork WTP has a capacity of 3.0 MGD.

If the applicant purchases water:

Seller(s):

1. City of Pikeville
2. City of Williamson WV

Price/1,000 gallons:

1. \$1.44 per 1,000 gallons
2. \$1.31 per 1,000 gallons

Present Estimated Market Value of Existing System: \$

- B. Water Storage:

Type: Ground Storage Tank - Elevated Tank -
Standpipe - Other

Number of Storage Structures - 53

Total Storage Volume Capacity - 6,332,000 gallons

Date Storage Tank(s) Constructed – 1971 to present

- C. Water Distribution System:

Pipe Material - PVC, ductile iron

Lineal Feet of Pipe: 3" - 56.3 miles 4" - 152 miles
 6" - 151 miles 8" - 121.9 miles
 10" - 20 miles 12" - 0.03 miles
 16" - 10.47 miles

Date(s) Water Lines Constructed - 1971 to present

Number and Capacity of Pump Station(s) 73; various capacities ranging from 10 GPM to 2000 GPM

D. Condition of Existing Water System:

Briefly describe the condition and suitability for continued use of facility now owned by the applicant. Include any major renovation that will be needed within five to ten years.

The system is in good to excellent condition.

E. Percentage of Water Loss Existing System -

IV. EXISTING LONG-TERM INDEBTEDNESS

A. List of Bonds and Notes:

DATE OF ISSUE	BOND HOLDER	PRINCIPAL BALANCE	PAYMENT DATE	BOND TYPE* WATER/SEWER		AMOUNT ON DEPOSIT IN RESERVE ACCOUNT
1988	RD	389,000	June/Dec	100%		\$430,542 (12/31/05)
1990	RD	346,000	June/Dec	100%		
1992	RD	1,246,000	June/Dec	100%		
1992	KIA	69,305	July/Jan	100%		
1994	RD	573,000	June/Dec	100%		
1994	KIA	3,611,485	July/Jan	100%		
1994	KIA	237,243	July/Jan	100%		
1994	KIA	314,403	July/Jan		100%	
1995	RD	1,204,000	June/Dec	100%		
1998	RD	163,700	June/Dec		100%	
1999	RD	2,380,500	June/Dec	100%		
2002	RD	789,000	June/Dec	100%		
2002	KIA	1,121,409	July/Jan	100%		
2002	KIA	924,251	July/Jan		100%	
2003	RD	426,000	June/Dec		100%	
2004	RD	1,760,000	June/Dec	100%		
2004	KIA	176,309	July/Jan		100%	
2005	RD	740,000	June/Dec		100%	

* If a combined issue, show attributable portion to each system.

B. Principal and Interest Payments: (Begin with Next Fiscal Year Payment)

DATE OF ISSUE	BOND HOLDER	PAYMENT YEAR: 2008		PAYMENT YEAR: 2009		PAYMENT YEAR: 2010	
		PRINCIPAL PAYMENT	INTEREST PAYMENT	PRINCIPAL PAYMENT	INTEREST PAYMENT	PRINCIPAL PAYMENT	INTEREST PAYMENT
1988	RD	10,400	18,550	11,000	18,020	11,500	17,500
1990	RD	9,400	19,550	9,900	19,050	10,400	18,550
1992	RD	25,300	60,800	26,600	59,500	28,000	58,140
1992	KIA	11,000	1,775	11,360	1,400	11,740	1,025
1994	RD	10,850	24,870	11,340	24,380	11,900	23,850
1994	KIA	281,900	58,800	290,150	50,500	281,900	58,800
1994	KIA	18,500	4,000	19,040	3,440	19,620	2,900
1994	KIA	23,200	2,055	23,500	1,750	23,800	1,450
1995	RD	10,400	25,350	10,850	24,900	11,340	24,380
1998	RD	2,410	7,100	2,520	7,000	2,640	6,860
1999	RD	33,230	103,800	34,800	102,300	36,360	100,670
2002	RD	11,120	26,100	11,520	25,680	12,000	25,270
2002	KIA	54,900	16,410	55,900	15,420	56,920	14,400
2002	KIA	51,210	15,310	52,150	14,380	53,100	13,440
2003	RD	4,660	18,325	4,880	18,110	5,100	17,900
2004	RD	18,400	76,560	19,240	75,700	20,125	74,825
2004	KIA	10,610	2,000	10,715	1,800	10,825	1,700
2005	RD	7,740	30,075	8,060	29,750	8,400	29,410

V. EXISTING SHORT-TERM INDEBTEDNESS

A. List of All Short Term Debts: (Do Not Show Any Debt Listed in Paragraph IV above)

LENDER OR LESSOR	DATE OF ISSUE (MONTH & YEAR)	PRINCIPAL PAYMENT	PURPOSE (WATER and/or SEWER)	PAYMENT DATE	PRINCIPAL & INTEREST PAYMENT	DATE TO BE PAID IN FULL
SEE ATTACHED LIST						

VI. LAND AND RIGHTS - EXISTING SYSTEM(S)

Number of Treatment Plant Sites:	Water – 1	<i>Sewer</i>
Number of Storage Tank Sites:	Water -	<i>Sewer</i>
Number of Pump Stations:	Water -	<i>Sewer</i>
Total Acreage:	Water -	<i>Sewer</i>
Purchase Price:	Water \$	<i>Sewer \$</i>

Short Term Loans FY 2006

<u>Vendor</u>	<u>Description</u>	<u>Amt</u>	<u>Due Date</u>	<u>Payoff Date</u>
Chrysler Financial	V#87 02 Dodge Ram Utility Pickup	\$453.78	24th	07/24/07
Chrysler Financial	V#83 02 Dodge Dakota 4x4	\$356.94	17th	06/17/07
Chrysler Financial	V#84 02 Dodge Dakota 4x4	\$356.97	24th	06/24/07
Chrysler Financial	V#86 02 Dodge Ram Utility Pickup	\$453.78	24th	07/24/07
CTB	V#108 06 Ford Ranger 4x2	\$454.64	26th	07/26/09
CTB	V#96 05 Dodge Dakota	\$379.53	19th	12/19/09
CTB	V#104 06 Ford Ranger 4x4 Extended Cab	\$658.61	26th	07/26/09
CTB	V#105 06 Ford Ranger 4x4	\$590.13	25th	07/25/09
CTB	V#101 06 Ford F250 Utility Bed 4x4	\$684.82	25th	02/25/11
CTB	V#94 04 Dodge 2500 Ram	\$474.28	20th	08/20/09
CTB	V#92 04 Dodge Dakota	\$309.64	10th	01/10/09
CTB	V#95 05 Dodge Dakota	\$375.52	14th	12/14/09
CTB	V#106 06 Ford F250	\$626.07	15th	09/15/11
CTB	V#111 06 Ford F350	\$719.16	15th	09/15/11
CTB	V#93 04 Dodge Dakota 4x4	\$374.82	10th	06/10/09
CTB	V#99 05 Ford Ranger	\$413.50	10th	09/10/07
CTB	V#97 05 Dodge Dakota	\$370.01	1st	01/01/10
CTB	V#107 06 Ford F250	\$626.07	15th	09/15/11
CTB	Consolidated Loan	\$6,126.40	3rd	02/03/08
GMAC	V#85 02 Chevy 2500HD 4WD	\$539.35	5th	07/05/07
GMAC	V#91 03 Chevy Silverado 4x4	\$371.66	13th	06/13/08
Komatsu	Lease on Komatsu	\$1,069.50	6th	07/06/07
Komatsu	Lease on Komatsu	\$1,069.50	6th	07/06/07
Fifth Third Bank	Greg's Company Vehicle	\$650.00	25th	06/25/09
First National Bank	V#100 Ford Expedition	\$837.16	30th	05/30/10
First National Bank	V#103 06 GMC Sierra	\$641.62	12th	07/12/11
First National Bank	V#87(Pikeville Truck)	\$500.42	22nd	10/22/10
First National Bank	V#95(Pikeville) Bucket Truck	\$697.44	14th	12/14/10
First National Bank	V#96 Dodge Dakota 4x4	\$1,058.57	29th	07/29/08
		\$22,239.89		

VII. NUMBER OF EXISTING USERS

	Water	<i>Sewer</i>
Residential (In Town)*		
Residential (Out of Town)*	15,187	1,904
Non-Residential (In Town)		
Non-Residential (Out of Town)	924	298
Total	16,111	2,202
Number of Total Potential Users Living in the Service Area		

*Note: Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residence.

VIII. CURRENT WATER AND SEWER CONNECTION FEES FOR EACH SIZE WATER METER CONNECTION

<u>Meter Size</u>	<u>Water Connection Fee</u>	<u>Sewer Connection Fee</u>
5/8" x 3/4"	\$675.00	\$700.00
1 - Inch & larger	Actual Cost	Actual Cost

IX. *SEWER RATES (EXISTING SYSTEM)*

Percentage of water bill _____%. Minimum Charge \$ _____.

Other: (Sewer charge if not based on water bill)

<i>First 2,000 Gallons</i>	<i>\$14.00 minimum bill</i>
<i>Over 2,000 Gallons</i>	<i>\$6.00 per 1,000 Gallons</i>

Date this rate went into effect: 11/1/06

X. WATER RATES EXISTING SYSTEM

Existing Rate Schedule:	5/8" meter	
	First 2,000 Gallons	\$18.06 minimum bill
	Next 8,000 Gallons	\$6.03 per 1,000 gallons
	Over 10,000 Gallons	\$5.24 per 1,000 gallons

1" meter
First 5,000 Gallons \$36.15 minimum bill
Next 5,000 Gallons \$6.03 per 1,000 gallons
Over 10,000 Gallons \$.24 per 1,000 gallons

2" meter
First 20,000 Gallons \$118.70 minimum bill
Over 20,000 Gallons \$5.24 per 1,000 gallons

3" meter
First 30,000 Gallons \$171.10 minimum bill
Over 30,000 Gallons \$5.24 per 1,000 gallons

4" meter
First 50,000 Gallons \$275.90 minimum bill
Over 50,000 Gallons \$5.24 per 1,000 gallons

6" meter
First 100,000 Gallons \$537.90 minimum bill
Over 100,000 Gallons \$5.24 per 1,000 gallons

Wholesale Rates

Martin County Water District	\$1.80 per 1,000 gallons
Mingo County WV	\$3.63 per 1,000 gallons
Elkhorn City	\$1.58 per 1,000 first 215,000 gallons per day \$2.40 per 1,000 over 215,000 gallons per day

Date This Rate Went into Effect: December 15, 2002

XIII. FACILITY CHARACTERISTICS OF PROPOSED SEWER SYSTEM

A. Sewage Treatment: NOT APPLICABLE

1. Type:

2. Method of Sludge Disposal:

3. Cost per 1,000 gallons if sewage treatment is contracted:

B. Treatment Capacity of Sewage Treatment Plant:

C. Type of Sewage Collector System (Describe):

D. Number and Capacity of Sewage Lift Stations:

XVI. LAND AND RIGHTS - PROPOSED WATER SYSTEM

Number of Treatment Plant Sites 1 - existing Marrowbone water treatment plant

Number of Pump Sites

Number of Other Sites

Total Acreage

Purchase Price

XVII. NUMBER OF NEW SEWER USERS

*Residential (In Town)**

*Residential (Out of Town)**

Non-Residential (In Town)

Non-Residential (Out of Town)

Total

Number of Total Potential Users Living in the Service Area

** NOTE: Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residences.*

XVIII. PROPOSED SEWER CONNECTION FEES FOR EACH SIZE METER CONNECTION

Meter Size

Connection Fee

5/8" x 3/4"

1 – Inch and larger

XI. ANALYSIS OF ACTUAL SEWER USAGE - EXISTING SYSTEM

MONTHLY SEWER USAGE	Residential			Non-Residential		
	Average	No. of Users	Usage 1,000	Average	No. of Users	Usage 1,000
<i>5/8 & 3/4 meter</i>						
0 - 2,000 Gal.	1,087	495	538	800	129	103
2,001 & Over	4,851	980	4,754	33,093	180	5,957
Monthly Totals		1,475	5,292		309	6,060
Annual Totals		17,700	63,505		3,708	72,719

XII. ANALYSIS OF ACTUAL WATER USAGE - EXISTING SYSTEM

MONTHLY WATER USAGE	Residential			Non-Residential		
	Average	No of Users	Usage 1,000	Average	No. of Users	Usage 1,000
<i>5/8 & 3/4 meter</i>						
Customer with Multiple Minimums						
0 - 2,000 Gal.	2,482	18	44,679	2,621	29	75,999
2,001 - 10,000 Gal.	6,745	38	256,316	6,204	72	446,664
10,000 & Over	26,289	16	420,630	31,658	26	823,118
<i>Subtotal</i>		<u>72</u>	<u>721,625</u>		<u>127</u>	<u>1,345,781</u>
Customers with Single Minumums						
0 - 2,000 Gal.	1,009	3,930	3,966,586	703	312	219,224
2,001 - 10,000 Gal.	4,407	10,277	45,291,124	4,809	213	1,024,229
10,000 & Over	15,680	489	7,667,287	21,320	56	1,193,919
<i>Subtotal</i>		<u>14,696</u>	<u>56,924,997</u>		<u>581</u>	<u>2,437,372</u>
<i>1 inch meter</i>						
0 - 5,000 Gal.	2,107	5	10,537	1,893	22	41,641
5,001 - 10,000 Gal.	8,035	3	24,104	7,243	8	57,946
10,001 & Over	15,240	2	30,480	43,102	23	991,348
Customer with Multiple Minimums				14,751	2	29,501
<i>Subtotal</i>		<u>10</u>	<u>65,121</u>		<u>53</u>	<u>1,120,436</u>
<i>2 inch meter</i>						
0 - 20,000 Gal.		0	0	5,824	21	122,300
20,001 & Over		0	0	130,450	46	6,000,700
Customer with Multiple Minimums		0	0	16,483	1	16,483
<i>Subtotal</i>		<u>0</u>	<u>-</u>		<u>67</u>	<u>6,139,483</u>
<i>4 inch meter</i>						
0 - 50,000 Gal.		0	0	13,333	1	13,333
50,001 & Over		0	0	312,375	4	1,249,500
<i>Subtotal</i>		<u>0</u>	<u>-</u>	<u>325,708</u>	<u>5</u>	<u>1,262,833</u>
Wholesale						
Martin County WD				357,708	1	357,708
Mingo County Public Service District				71,467	1	71,467
Nolin Public Service District				-	1	-
Elkhorn City				6,297,166	1	6,297,166
Monthly Totals		<u>14,778</u>	<u>57,711,743</u>		<u>837</u>	<u>19,032,246</u>
Annual Totals		<u>177,336</u>	<u>692,540,916</u>		<u>10,044</u>	<u>228,386,952</u>

XIX. NUMBER OF NEW WATER USERS

Residential (In Town)*	0
Residential (Out of Town)*	0
Non-Residential (In Town)	0
Non-Residential (Out of Town)	0
Total	0

Number of Total Potential Users Living in the Service Area

* Note: Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residences.

XX. PROPOSED WATER CONNECTION FEES FOR EACH SIZE METER CONNECTION

<u>Meter Size</u>	<u>Connection Fee</u>
5/8" x 3/4"	\$800.00
1 – Inch and larger	Actual Cost

XXI. SEWER RATES - PROPOSED

A. Proposed Rate Schedule without RUS Grant: **NO CHANGE IN SEWER RATES PROPOSED**

XXII. WATER RATES - PROPOSED -

A. Proposed Rate Schedule without RUS Grant:
5/8 Inch Meter:

First	<u>2,000</u>	Gallons @	<u>\$20.02</u>	Minimum
Next	<u>8,000</u>	Gallons @	<u>\$7.01</u>	per 1,000 Gallons
All Over	<u>10,000</u>	Gallons @	<u>\$6.22</u>	per 1,000 Gallons

1 Inch Meter

First	<u>5,000</u>	Gallons @	<u>\$42.00</u>	Minimum
Next	<u>5,000</u>	Gallons @	<u>\$7.01</u>	per 1,000 Gallons
All Over	<u>10,000</u>	Gallons @	<u>\$6.22</u>	per 1,000 Gallons

2 Inch Meter

First	<u>20,000</u>	Gallons @	<u>\$130.00</u>	Minimum
All Over	<u>20,000</u>	Gallons @	<u>\$6.22</u>	per 1,000 Gallons

3 Inch Meter

First	<u>30,000</u>	Gallons @	<u>\$190.00</u>	Minimum
All Over	<u>30,000</u>	Gallons @	<u>\$6.22</u>	per 1,000 Gallons

4 Inch Meter

First	<u>50,000</u>	Gallons @	<u>\$300.00</u>	Minimum
All Over	<u>50,000</u>	Gallons @	<u>\$6.22</u>	per 1,000 Gallons

6 Inch Meter

First	<u>100,000</u>	Gallons @	<u>\$595.00</u>	Minimum
All Over	<u>100,000</u>	Gallons @	<u>\$6.22</u>	per 1,000 Gallons

Wholesale Rates:

Martin County Water District	\$2.40 per 1,000 Gallons
Mingo County Public Service District	\$3.75 per 1,000 Gallons
Nolin Public Service District	\$2.40 per 1,000 Gallons
Elkhorn City, City of	\$2.25 per 1,000 Gallons First 215,000/day
	\$2.40 per 1,000 Gallons Over 215,000/day

Other Rates & Charges District Proposes to Implement:

Line Leak Adjustment Rate	\$3.60 Per 1,000Gallons
---------------------------	-------------------------

Multi-Unit Master
Meter

The monthly charge for customers who have requested water service through a master meter for multi-unit service shall be the larger of:

- a. The number of housing units times the minimum water charge per unit, based on the District's standard service meter minimum charge, or;
- b. The amount based on the average gallons used per housing unit at the current rate schedule times the number of housing units, in the multiple-unit facility.

Surcharges Charges

As per contract with the South Williamson Development Company, the following charges will be billed to users within the Southside Mall. These charges are not a part of the District's rate structure but are based on Mall charges relative to meter size.

5/8 inch	\$ 11.30
¾ inch	\$ 15.05
1 inch	\$ 33.88
1 ½ inch	\$ 60.27
2 inch	\$ 80.30
3 inch	\$ 125.47

Non-Recurring Charges

5/8 x ¾ Inch ¹ Connection and Installation	\$800.00
1Inch ¹ Connection and Installation	Actual Cost of Construction
Over 1 Inch ² Connection and Installation	Actual Cost of Construction
Hydrant Connection and Installation	\$2,500.00
Service Charge 1*	\$35.00
Service Charge 2**	\$25.00
Return Check Fee	\$25.00
Deposit – ¾" Meter	\$75.00
Deposit – 1" Meter	\$200.00
Deposit – 2" Meter	\$750.00
Deposit – 4" Meter	\$1,500.00

*Service Charge 1 is charged to customers for the following services: Meter Connection, Meter Reconnection, and Meter Test (if the meter tests within allowable limits).

**Service Charge 2 is charged to customers for the following services: investigative services when no problem is found with meter or the District's portion of the service line and collection of payment of delinquent accounts at point of service.

¹ District's Standard Service

² Non-standard Service

Sprinkler and Hydrant Charges

<u>Size of Connection</u>	<u>Monthly Charge</u>
4 Inch	\$20.00
6 Inch	\$35.00
8 Inch	\$75.00

XXIII. FORECAST OF SEWER - INCOME - EXISTING SYSTEM

MONTHLY SEWER USAGE

	Residential				Non-Residential			
	Average Rate	No. of Users	Usage 1,000	Income	Average Rate	No. of Users	Usage 1,000	Income
5/8 & 3/4 meter								
0 - 2,000 Gal.	1.087	495	538	\$ 6,930.00	14.00	129	140	\$ 1,806.00
2,001 & Over.	4.851	980	4,754	\$ 30,483.88	200.56	180	873	\$ 5,599.08
<i>Monthly Total:</i>		<i>1,475</i>	<i>5,292</i>	<i>\$ 37,413.88</i>		<i>309</i>	<i>1,013</i>	<i>\$ 7,405.08</i>
Average Monthly Rate				\$ 23.53				\$ 21.68
Average Monthly Usage			3,588				3,280	

Annual Total: 63,505 \$ 448,966.56 12,161 \$ 88,860.96

XXIV. FORECAST OF SEWER - INCOME - NEW USERS - EXTENSION ONLY

MONTHLY SEWER USAGE

		Residential			Non-Residential		
Average	Average	No. of	Usage	Income	Average	No. of	Usage
Rate	Rate	Users	1,000		Rate	Users	1,000

5/8 & 3/4 meter

NOT APPLICABLE TO THIS PROJECT

XXV. FORECAST OF WATER - INCOME - EXISTING SYS

MONTHLY WATER USAGE

	Average	Average Rate
<i>5/8 & 3/4 meter</i>		
Customer with Multiple Minimums - see note 1		
0 - 2,000 Gal.	2,482	\$ 20.02
2,001 - 10,000 Gal.	6,745	\$ 53.28
10,000 & Over	26,289	\$ 177.42
<i>Subtotal</i>		

Customers with Single Minumums		
0 - 2,000 Gal.	1,009	\$ 20.02
2,001 - 10,000 Gal.	4,407	\$ 36.89
10,000 & Over	15,680	\$ 111.43
<i>Subtotal</i>		

<i>1 inch meter</i>		
0 - 5,000 Gal.	2,107	\$ 42.00
5,001 - 10,000 Gal.	8,035	\$ 63.27
10,001 & Over	15,240	\$ 109.64
<i>Subtotal</i>		

<i>2 inch meter</i>		
0 - 20,000 Gal.	-	-
20,001 & Over	-	-
<i>Subtotal</i>		

<i>4 inch meter</i>		
0 - 50,000 Gal.	-	-
50,001 & Over	-	-
<i>Subtotal</i>		

Wholesale		
Martin County WD		
Mingo County Public Service District		
Nolin Public Service District		
Elkhorn City		
<hr/>		

Monthly Totals

Annual Totals

Note 1 - Customers with multiple minimums are facilities

Note 2 - The income projected from sales to Elkhorn City
117 days in which sales exceeded 215,000 gallo

XXVI. FORECAST OF WATER - INCOME - NEW USERS

MONTHLY WATER USAGE

	Residential		
	Average	Average Rate	No. of Users
<i>5/8 & 3/4 meter</i>			No. Minimum

NC

XXVII. CURRENT OPERATING BUDGET - (SEWER SYSTEM) - EXISTING USERS
 Year Ending 2006

A.	Operating Income:		
	Sewer Revenue	\$	878,667
	Late Charge Fees		
	Other (Describe)		
	Less Allowances and Deductions		
	Total Operating Income	\$	<u>878,667</u>
B.	Operation and Maintenance Expenses: (Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)		
	Operation Expense	\$	751,361
	Maintenance Expense		
	Customer Accounts Expense	\$	1,859
	Administrative and General Expense	\$	<u>12,822</u>
	Total Operating Expenses	\$	<u>766,042</u>
	Net Operating Income	\$	<u>112,625</u>
C.	Non-Operating Income:		
	Interest Income		
	Other (Identify)		
	Total Non-Operating Income	\$	<u>-</u>
D.	Net Income	\$	<u>112,625</u>
E.	Debt Repayment:		
	RD Interest	\$	47,963
	RD Principal	\$	4,500
	Non-RD Interest	\$	22,168
	Non-RD Principal	\$	61,149
	Total Debt Repayment	\$	<u>135,780</u>
F.	Balance Available for Coverage and Depreciation	\$	<u>(23,155)</u>

XXVIII. PROPOSED OPERATING BUDGET - (SEWER SYSTEM) - EXISTING USERS
 Year Ending 2008

A.	Operating Income:		
	Sewer Revenue		\$0
	Late Charge Fees		\$0
	Other (Describe)	Hook On Fees	\$0
		Less Allowances and Deductions	
	Total Operating Income		<u>\$0</u>
B.	Operation and Maintenance Expenses:		
	(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)		
	Operation Expense		
	Maintenance Expense		
	Customer Accounts Expense		
	Administrative and General Expense		
	Total Operating Expenses		<u>\$0</u>
	Net Operating Income		<u>\$0</u>
C.	Non-Operating Income:		
	Interest on Deposits		
	Other (Identify)		
	Total Non-Operating Income		<u>\$0</u>
D.	Net Income		<u>\$0</u>
E.	Debt Repayment:		
	RD Interest		
	RD Principal		
	Non-RD Interest		
	Non-RD Principal		
	Total Debt Repayment		<u>\$0</u>
F.	Balance Available for Coverage and Depreciation		<u>\$0</u>

XXIX. PROPOSED OPERATING BUDGET - (SEWER SYSTEM) - NEW USERS

Year Ending 2008

A.	Operating Income:		
	Sewer Revenue		\$ -
	Late Charge Fees		
	Other (Describe) Tap Fees & Misc		
	Less Allowances and Deductions		
	Total Operating Income		\$0
B.	Operation and Maintenance Expenses: (Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)		
	Operation Expense		
	Maintenance Expense		
	Customer Accounts Expense		
	Administrative and General Expense		
	Total Operating Expenses		\$0
	Net Operating Income		\$0
C.	Non-Operating Income:		
	Interest on Deposits		
	Other (Identify) <i>Accrued Taxes</i>		
	Total Non-Operating Income		\$0
D.	Net Income		\$0
E.	Debt Repayment:		
	RD Interest		
	RD Principal		
	Non-RD Interest		
	Non-RD Principal		
	Total Debt Repayment		\$0
F.	Balance Available for Coverage and Depreciation		\$0

XXX. CURRENT OPERATING BUDGET - (WATER SYSTEM) - EXISTING

(1st Full Year of Operation)

Year Ending 2006

A.	Operating Income:	
	Water Sales	\$6,765,753
	Disconnect/Reconnect/Late Charge Fees	\$ 242,630
	Other (Describe)	\$ 109,840
	Less Allowances and Deductions	
	Total Operating Income	<u>\$7,118,223</u>
B.	Operation and Maintenance Expenses: (Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)	
	Source of Supply Expense	\$6,086,900
	Pumping Expense	
	Water Treatment Expense	\$ 6,395
	Transmission and Distribution Expense	\$ 35,215
	Customer Accounts Expense	\$ 15,060
	Administrative and General Expense	\$ 103,871
	Total Operating Expenses	<u>\$6,247,441</u>
	Net Operating Income	<u>\$ 870,782</u>
C.	Non-Operating Income:	
	Interest Income	\$ 46,975
	Gains on Dispositions	\$ 41,649
	Other (Identify)	<u>\$ (2,762)</u>
	Total Non-Operating Income	<u>\$ 85,862</u>
D.	Net Income	<u>\$ 956,644</u>
E.	Debt Repayment:	
	RD Interest	\$ 386,055
	RD Principal	\$ 208,500
	Reserve	\$ 98,450
	Non-RD Interest	\$ 136,211
	Non-RD Principal	<u>\$ 564,563</u>
	Total Debt Repayment	<u>\$1,393,779</u>
F.	Balance Available for Coverage and Depreciation	<u>\$ (437,135)</u>

XXXI. PROPOSED OPERATING BUDGET - (WATER SYSTEM) - EXISTING USERS
 (1st Full Year of Operation) Year Ending 2008

A.	Operating Income.	
	Water Sales	\$ 7,640,380
	Disconnect/Reconnect/Late Charge Fees	\$ 279,025
	Other (Describe)	\$ 120,000
	Less Allowances and Deductions	
	Total Operating Income	<u>\$ 8,039,405</u>
B.	Operation and Maintenance Expenses: (Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)	
	Source of Supply Expense	\$ 6,512,983
	Pumping Expense	
	Water Treatment Expense	\$ 6,500
	Transmission and Distribution Expense	\$ 36,000
	Customer Accounts Expense	\$ 18,000
	Administrative and General Expense	<u>\$ 110,000</u>
	Total Operating Expenses	<u>\$ 6,683,483</u>
	Net Operating Income	\$ 1,355,922
C.	Non-Operating Income:	
	Interest on Deposits	\$ 48,000
	Other (Identify)	
	Total Non-Operating Income	\$ 48,000
D.	Net Income	<u>\$ 1,403,922</u>
E.	Debt Repayment:	
	RD Interest	\$ 386,594
	RD Principal	\$ 228,000
	Reserve	\$ 98,450
	Non-RD Interest	\$ 121,691
	Non-RD Principal	<u>\$ 297,491</u>
	Total Debt Repayment	\$ 1,132,226
F.	Balance Available for Coverage and Depreciation	\$ 271,696

XXXII. PROPOSED OPERATING BUDGET - (WATER SYSTEM) - NEW USERS ONLY
 (1st Full Year of Operation) Year Ending 2008

A.	Operating Income:	
	Water Sales	\$ -
	Disconnect/Reconnect/Late Charge Fees	
	Other (Describe)	
	Less Allowances and Deductions	
	Total Operating Income	\$ -
B.	Operation and Maintenance Expenses: (Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)	
	Source of Supply Expense	
	Pumping Expense	
	Water Treatment Expense	
	Transmission and Distribution Expense	
	Customer Accounts Expense	
	Administrative and General Expense	
	Total Operating Expenses	\$ -
	Net Operating Income	\$ -
C.	Non-Operating Income:	
	Interest on Deposits	
	Other (Identify)	
	Total Non-Operating Income	\$ -
D.	Net Income	\$ -
E.	Debt Repayment:	
	RD Interest	
	RD Principal	
	Reserve	
	Non-RD Interest	
	Non-RD Principal	
	Total Debt Repayment	\$ -
F.	Balance Available for Coverage and Depreciation	\$ -

XXXIII. ESTIMATED PROJECT COST -SEWER

	<u>Collection</u>	<u>Treatment</u>	<u>Total</u>
<i>Development</i>			\$ -
<i>Land and Rights</i>			\$ -
<i>Legal</i>			\$ -
<i>Engineering</i>			\$ -
<i>Interest</i>			\$ -
<i>Contingencies</i>			\$ -
<i>Initial O & M</i>			\$ -
<i>Other</i>			\$ -
TOTAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

XXXV. PROPOSED PROJECT FUNDING - SEWER

	<u>Collection</u>	<u>Treatment</u>	<u>Total</u>
<i>Applicant - User Contribution Fees</i>			\$ -
<i>Other - Applicant Contribution</i>			\$ -
<i>RUS Loan</i>			\$ -
<i>RUS Grant</i>			\$ -
<i>ARC Grant (If applicable)</i>			\$ -
<i>CDBG (If applicable)</i>			\$ -
<i>Other (Specify)</i>			\$ -
TOTAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

XXXVI ESTIMATED PROJECT COST - WATER

Development	\$	479,352.50
Land and Rights	\$	-
Legal	\$	9,550.00
Engineering	\$	93,370.00
Interest	\$	19,827.50
Contingencies	\$	47,900.00
Initial O & M	\$	-
Other	\$	-
TOTAL	\$	<u>650,000.00</u>

XXXVII. PROPOSED PROJECT FUNDING - WATER

Applicant - User Connection Fees

Other Applicant Contribution

RD Financial Assistance	loan	\$	650,000	\$	650,000.00
	grant	\$	-		
Other (Specify)				\$	-
Other (Specify)					
Other (Specify)					
Other (Specify)					
TOTAL				\$	<u>650,000.00</u>

MOUNTAIN WATER DISTRICT

**Final Engineering Report
RUSSELL FORK WATER TREATMENT PLANT
IMPROVEMENTS**

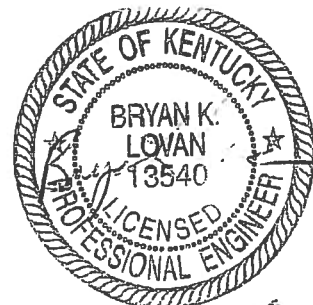
JANUARY 2008

**O'Brien & Gere Engineers, Inc.
1019 Majestic Drive, Suite 110
Lexington, Kentucky 40513
859.223.0137
www.obg.com**

Submitted By:



**Bryan K. Lovan, P.E., P.L.S.
Project Engineer**



1-11-08



**FINAL ENGINEERING REPORT
MOUNTAIN WATER DISTRICT
RUSSELL FORK WATER TREATMENT PLANT IMPROVEMENTS
JANUARY 2008**

Project Background

The existing WTP is located approximately 15 miles southwest of Pikeville, Kentucky on US-460. The treatment plant withdraws water from the Russell Fork of the Levisa Fork of the Big Sandy River in Pike County. The plant is a surface water treatment plant that uses the Actiflo microsand flocculation process to treat the raw water prior to filtration. The present plant was constructed using two Actiflo Treatment units with a combined capacity of 2.0 MGD. The addition of a third Actiflo treatment unit is currently under construction along with providing much needed grit removal equipment. This will allow the plant to achieve an ultimate production rate of 3.0 MGD. The present demand required the existing 2.0-MGD plant to operate in excess of the plant's rated capacity at certain times. Therefore, the plant capacity was increased and the third Actiflo treatment unit added.

Need for Project

During the preliminary engineering phase of the project numerous items were identified as needing repair or replacement. The reason for the repair or replacement is explained in detail in the *Preliminary Engineering Report, July 2007*.

Proposed Project

The project consist of the following improvements:

1. New 2600 GPM pump station including the piping, valves, precast vaults, magnetic flow meter, controls, electrical for a complete functioning system
2. Drain repairs on housekeeping pads of Actiflo units 1 and 2
3. Replace 2 polymer and 2 fluoride feed pumps
4. Replace 2 chemical feed and bulk transfer pumps
5. Repair leaks between filter/contact chamber and Actiflo area and leaks in high service pit
6. Repair/replace pneumatic actuated valve filter #4
7. Install curbs and aluminum covers over the existing clearwell hatches between Actiflo units 2 and 3
8. Install concrete supports under the existing steel pipe supports in the Actiflo area



Conclusions and Recommendations

It was recommended to the District and to Rural Development that the above improvements could be accomplished in a more expedient manner if the District, through its engineers, negotiated a change order with the contractor that is currently expanding the capacity of the water treatment plant.

Rural Development approved this approach as long as Rural Development documents were incorporated into the existing contract between Mountain Water District and Howard Engineering & Construction, Inc.

O'Brien & Gere Engineers, Inc. negotiated with Howard Engineering & Construction, Inc. and arrived at the following budget:

Construction	\$505,000
Legal	\$9,550
Interim Financing	\$19,800
Engineering	101,610
Contingency	<u>\$13,540</u>
	\$650,000

The funding for the project consist of:

RD Loan	\$650,000
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Based on the negotiated price, the funding available covers all project costs. O'Brien & Gere has recommended to the District that it accept the negotiated change order with Howard Engineering & Construction Inc.

Attachments

1. Letter to Will Brown from Bryan Lovan, PE dated 1/4/2008
2. Contract Change Order No. 2 between Mountain Water District and Howard Engineering and Construction, Inc.



O'BRIEN & GERE

January 4, 2008

Mr Will Brown, Manager
Utility Management Group, LLC
Mountain Water District
P.O. Box 3157
Pikeville, Kentucky 41502

Re: Russell Fork Water Treatment Plant Improvements
High Service Pump Change Order
Mountain Water District

File: 41907.200.008

Dear Will:

We are writing this letter to recommend the approval of Change Order No. 2 for the completion of the high service pump and other miscellaneous work outlined in Howard Engineering & Construction, Inc. letter dated January 3, 2008, with the exception of item numbers 3, 4, & 5. Item numbers 3 & 4 have been modified to reduce the total cost within budget and item number 5 was temporarily removed due to being over-budget. This change order will be for the complete the installation of the following items:


1. New 2600 GPM pump station including the piping, valves, precast vaults, magnetic flow meter, controls, electrical for a complete functioning system
2. Fix drainage on housekeeping pads of Actiflo units #1 and #2
3. Replace 2 polymer feed pumps and 2 fluoride feed pumps
4. Replace 2 chemical feed and bulk transfer pumps
5. Seal concrete in chemical areas – *Temporarily Removed from Project*
6. Repair leaks between filter/contact chamber and Actiflo area and leaks in high service pit
7. Repair/ Replace pneumatic actuated valve filter #4
8. Install curbs and aluminum covers over the existing clearwell hatches between Actiflo units #2 and #3
9. Install concrete supports under the existing steel pipe supports in Actiflo area

Our recommendation is to execute a change order to complete the installation of the above items. We have finished negotiations with Howard Engineering & Construction on the cost and while the cost was higher than anticipated, we were able to take advantage of some overall cost savings. As it stands now, this total cost is \$505,500 for the additional work (concrete vault, piping, pump, electrical, etc.) to complete the listed items.

Additionally, it is recommended that Mountain Water District directly purchase the major equipment items so that they may see a savings of approximately \$12,000 from the contractor not having to pay sales tax on the equipment.

I trust that the information provided above is sufficient to allow you to make the necessary decisions regarding the project. If you need any additional information or have any questions regarding this matter, please contact me.

Respectfully submitted,
O'BRIEN & GERE ENGINEERS, INC.


Bryan K. Lovan, P.E., P.L.S.
Project Manager

cc: File

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with offices in 25 major metropolitan areas and growing

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT AND
FARM SERVICE AGENCY

CONTRACT CHANGE ORDER

ORDER NO	2
DATE	1/7/08
STATE	Kentucky
COUNTY	PIKE

CONTRACT FOR **Mountain Water District** **Russell**
Fork Water Treatment Plant Improvements

OWNER: **Mountain Water District, P.O. Box 3157, Pikeville, Kentucky 41502**

TO **Howard Engineering & Construction, Inc., 1303 South Main Street, London, KY 40741**
(Contractor)

You are hereby requested to comply with the following changes from the contract plans and specifications

Description of Changes (Supplemental Plans and Specifications Attached)	DECREASE In Contract Price	INCREASE In Contract Price
1. New 2600 GPM pump station including the piping, valves, precast vaults, magnetic flow meter, controls, electrical for a complete		\$ 477,500.00
2. Fix drainage on housekeeping pads of Actiflo units #1 and #2		\$ 4,000.00
3. Replace 2 polymer feed pumps and 2 fluoride feed pumps		\$ 9,800.00
4. Replace 2 chemical feed and bulk transfer pumps		\$ 10,000.00
5. Repair leaks between filter/contact chamber and Actiflo area and leaks in high service pit		\$ 800.00
6. Repair/ Replace pneumatic actuated valve filter #4		\$ 10,000.00
7. Install curbs and aluminum covers over the existing clearwell hatches between Actiflo units #2 and #3		\$ 4,000.00
8. Install concrete supports under the existing steel pipe supports in Actiflo area		\$ 2,000.00
9. Cost Savings for Mountain Water District to purchase major equipment - Deduct for	\$ 12,600.00	
This Change Order No 2 and its noted revisions and attachments to the Drawings and Specifications shall supplement, amend, and become a part of the Contract Documents, Drawings, and Specifications. All requirements of the attached USDA-RD and EJCDC documents shall be included and become a part of the Contract Documents for this Contract		N/A
TOTALS	\$ 12,600.00	\$ 518,100.00
NET CHANGE IN CONTRACT PRICE		\$ 505,500.00

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General Second Data Request

Q 8. Please reference the Company's response to AG 1-6. MWD responded that MWD did not maintain any contracts with vendors whose principals are in any manner related by blood or marriage to MWD, etc.

- a. Per Exhibit 6 to the response it appears Rhonda James indicated that she had a conflict of interest since she was employed by the Pike County Fiscal Court until 1/5/2015. Please elaborate and explain in full detail the conflict of interest and explain how this conflict of interest was resolved.
- b. Per Exhibit 6 to the response it appears Prentis Adkins indicated that he had a conflict of interest with Tri County Auto and Truck Parts, Inc. and Tri County Hardware. Please elaborate and explain in full detail the conflict of interest and explain how this conflict of interest was resolved.
- c. Per Exhibit 6 to the response it appears Kelsey Friend indicated that he had a conflict of interest as a current employee of Elliott Companies. Please elaborate and explain in full detail the conflict of interest and explain how this conflict of interest was resolved.
- d. Per Exhibit 6 to the response it appears that Attorney Daniel Stratton did not check the box to indicate there was a conflict, but did list that he represents vendors for Mountain Water District including Eastern Telephone, Mayhorn's Inc., Worldwide Equipment, and Cardinal Glass, Inc. Please elaborate and explain in full detail the conflict of interests and explain how it was resolved.

WITNESS : Sawyers.

RESPONSE : 8(a)

Rhonda James is no longer on the Board and this is a moot issue. MWD has provided services to the Pike County Fiscal Court for the operation of various sewer plants. Her employment by the county was a technical conflict, which was appropriately disclosed. She abstained from votes on matters concerning the fiscal court.

RESPONSE : 8(b)

Prentis Adkins is the owner/operator of Tri-County Auto and Truck Parts, Inc., and Tri-County Hardware. UMG has in the past, purchased supplies from these respective stores. While technically not a conflict, in that MWD was not making these purchases, Mr. Adkins disclosed the potential conflict in that he has provided goods and services to UMG that were utilized by MWD.

RESPONSE : 8(c)

Kelsey Friend is employed as an electrician for Elliott Companies, who has done contractual business from time to time with MWD. He would abstain on any contract the Board considered for Elliott Companies.

RESPONSE : 8(d)

Counsel for MWD, Daniel Stratton, does not have a direct conflict with any vendor that does business with MWD; however, the law firm of which he is a partner, represents the listed entities on his disclosure sheet that do, or have done, business with MWD. There is not a conflict unless there was an issue between the various entities and MWD. At that time, the parties would either agree to waive the conflict for representation of one or the other, or Mr. Stratton would step down from representation of both clients concerning the issue in conflict.

CASE : Mountain Water District

CASE NO : 2014-00342

RE : Atty General Second Data Request

Q 9. Please reference the Company's response to AG 1-7. Are there anti-nepotism policies in place as to the MWD's Board of Directors, Water Commissioners, Officers, etc.?

WITNESS : Sawyers.

RESPONSE :

There are no anti-nepotism policies in place as to MWD's Board of Directors. The Directors are appointed by the Judge Executive, with approval of the Pike County Fiscal Court, unless they are otherwise appointed by the PSC. MWD only has two employees, and there are no nepotism issues presented by these employees.

Q 10 Please reference the Company's response to AG 1-11. This answer is non-responsive. State whether MWD intends to seek recovery of any performance bonus expenses, Christmas bonus expense, or any other bonus expense that have been given since the last rate case in 1997, for ratemaking purposes for MWD or UMG employees, and if so provide the following:

Q 10(a) A quantification of the amount of the bonus with the recipient(s) if officers, directors, or management;

WITNESS: Sawyers

RESPONSE: None, the District doesn't give any type of bonus to its officers, directors or management.

Q 10(b) A quantification of how many employees received a performance bonus and the amount of each; and

WITNESS: Sawyers

RESPONSE: None, the District doesn't give any type of bonus to its employees.

Q 10(c) A complete justification for recovering such expense.

WITNESS: Sawyers

RESPONSE: N/A

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q 11. Please reference the Company's response to AG 1-12. Elaborate on how the proposed water rate alternate 1 which is an across the board rate increase, chosen by MWD, will provide more revenue stability throughout the year.

WITNESS: Howard

RESPONSE:

The 'Across the Board' increase preserved a rate tariff which relies on minimum bills to generate a significant portion of revenue. The minimum bill generates 55% of "Required Revenue" and will be collected uniformly throughout the year.

The proposed rates will provide more consistent cash flow throughout the year than the alternative rate, which will stabilize revenue throughout the year and avoid possible cash flow shortage.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q 12. Please reference the Company's response to AG 1-13. What is the Company's justification for keeping wholesale rates artificially low, which in turn forces the residential and other rate classes to pay higher rates?

- a. Confirm that by proposing the Rate Alternate 1 opposed to Rate Alternate 2, the Residential and other rate classes will continue to pay a higher rate in order to allow the wholesale customers to not receive the 98% increase that the cost of service study recommended.

WITNESS: Howard

RESPONSE:

The assumption that wholesale rates are being kept "artificially low" and that retail rates are as a result unnecessarily higher is incorrect. The wholesale rates reflect the same percentage adjustment as the retail rates. Each class of customer is being charged the appropriate rate based on the total calculated revenue requirements.

The wholesale and retail customers will pay the rate calculated for each class based on the current rate design. The percentage difference in rates is based on the rate design, not on customer class preferences. The 98% increase is misleading in that during the test year two wholesale customers had zero purchases and one purchased only 1,421,000. The total wholesale water purchases amounted to only 76,893,000 gallons of total usage of 954,076,000. The revenue impact of the wholesale rates is marginal and the impact on the revenue requirement for retail customers is relatively insignificant - \$10,128,321 total revenue versus \$224,233 revenue from wholesale. See Ex B-3, Schedule W-H p.1/8 and p. 8/8

Q 13 Please reference the Company's application generally. Provide the location, city, and state of each wholesale water customer, and explain whether the customers are exclusively Kentucky residents or residents of another state.

WITNESS: Sawyers

RESPONSE: 1.) Elkhorn City Utilities – P.O. Box 681, Elkhorn City, KY, 41522
2.) Martin County Water – HC 69 Box 875, Inez, KY, 41224
3.) Mingo County Public Service District – P.O. Box 98, Naugatuck, WVA, 25685
4.) City of Jenkins – P.O. Box 568, Jenkins, KY, 41537

- 1.) Elkhorn City provides water service to its customers within the city limits and areas adjacent to the city limits.
- 2.) Martin County Water, I would presume they provide water service to the customers within their county.
- 3.) Mingo County Public Service District, I would presume they provide water service to the customers within their District located in West Virginia.
- 4.) City of Jenkins, Mountain Water District has a wholesale contract with the City of Jenkins; however they have never purchased any water from the District. I would presume they provide water service to the customers within the city limits and areas adjacent to the city limits.

Q 13(a) If non-Kentucky residents are receiving wholesale water at substantially lower prices, which in turn increases the price for the Kentucky residential customers, how does the Company justify this result?

WITNESS: Sawyers

RESPONSE: Mingo County Public Service District pays a higher rate than the District's other wholesale customers. The District doesn't know what rates are charged to non-Kentucky residents. The District submits all wholesale rate structures to Public Service Commission for review and approval. Please see the attached tariff sheet regarding Mountain Water District's current rate structure noted as Exhibit 13(A).

Exhibit 13 (a)

FOR Entire Service Area
Community, Town or City

P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 2

CANCELLING P.S.C. KY. NO. 2

SHEET NO. _____

Mountain Water District
(Name of Utility)

RATES AND CHARGES

5/8" Meters:	
First 2,000 gallons	\$20.02 minimum bill
Next 8,000 gallons	\$7.01 per 1,000 gallons
All over 10,000 gallons	\$6.22 per 1,000 gallons
1" Meters:	
First 5,000 gallons	\$42.00 minimum bill
Next 5,000 gallons	\$7.01 per 1,000 gallons
All over 10,000 gallons	\$6.22 per 1,000 gallons
2" Meter:	
First 20,000 gallons	\$130.00 minimum bill
All over 20,000 gallons	\$6.22 per 1,000 gallons
3" Meter:	
First 30,000 gallons	\$190.00 minimum bill
All over 30,000 gallons	\$6.22 per 1,000 gallons
4" Meter:	
First 50,000 gallons	\$300.00 minimum bill
All over 50,000 gallons	\$6.22 per 1,000 gallons
6" Meter:	
First 100,000 gallons	\$595.00 minimum bill
All over 100,000 gallons	\$6.22 per 1,000 gallons
Martin County Water District	\$2.40 per 1,000 gallons
Mingo County Public Service District	\$3.75 per 1,000 gallons
Jenkins Utilities	
First 50,000 gallons per day	\$2.40 per 1,000 gallons
All over 50,000 gallons per day	\$2.75 per 1,000 gallons
City of Elkhorn City	
First 215,000 gallons per day	\$2.25 per 1,000 gallons
All over 215,000 gallons per day	\$2.40 per 1,000 gallons

Water withdrawn from a hydrant and water withdrawn for construction shall be charged at the lowest rate in the current rate schedule.

DATE OF ISSUE NOVEMBER 14, 2012
Month / Date / Year

DATE EFFECTIVE JANUARY 12, 2013
Month / Date / Year

ISSUED BY /S/ JOHN COLLINS
(Signature of Officer)

TITLE VICE CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 1/12/2013 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q14. Please reference the Company's response to AG 1-13(a). Why does MWD not think it would be prudent to compare the Company's wholesale rates to other local utilities wholesale rates in order to determine reasonableness of the rates?

WITNESS: Howard

RESPONSE:

The PSC does not set rates based on a comparative analysis of other local utilities. The rates are based on the financial needs of MWD.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q15. Please reference the Company's response to AG 1-13(c). Does MWD not think it is prudent and fair to determine what rates the wholesale customers are charging its ratepayers in order to assess whether the Company's ratepayers are paying higher rates than the wholesale customer's ratepayers?

WITNESS: Howard

RESPONSE:

The rates for MWD are based on its cost of service, expenses and revenues. The rates of unrelated wholesale retail customers are not a basis for the PSC to determine the reasonableness of MWD's proposed rates.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q16. Please reference the Company's response to AG 1-14. Please confirm that losses of water customers versus additions of new water customers equaled exactly zero ("0"). Provide documentation evidencing this calculation.

WITNESS: Howard

RESPONSE:

The analysis of customers leaving MWD and the number of new connections results in a net expected gain of zero new connections. Schedule W-8, p.1/3in Exhibit B-2 shows no new connection in the test year. There is no indication that there will be a net increase in connections for the current year.

In the table in question, we were pro forming the historic test year to the pro forma test year, rather than stating an actual occurrence. Available evidence suggests that it would be more appropriate to use a negative increase in customers for the following reasons:

1. Population out migration – decline in the coal industry is creating a demographic shift from the Appalachian Basin coal field to the Illinois Basin coal field.
2. New service extensions – a decade ago, the system was rapidly expanding to meet the needs of unserved customers. The system now serves most of the county. According to the 2013 PSC Annual Report, a total of 11 metered customers (17,131 versus 17,142) were added from 1/1/2013 to 12/31/2013.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q17. Please reference the Company's response to AG 1-15. Explain why the wholesale water revenues should not be included in the revenue section of Exhibit B-2, Schedule W-B, p.1 of 3 of the Application.

WITNESS: Howard

RESPONSE:

This question was answered in the 1st Reponse to the Attorney General – Question #15.

The "Incl. in Public Auth." is the result of a mis-communication with MWD accounting. The reference should say "included in Item O.6 – Page 2 of 3 of this Schedule W-B".

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Question 18

Please reference the Company's response to AG 1-18. Provide a detailed breakdown of what is included under the expenses "Compensation-Administration" for \$124,224. Provide MWD employees' total salary that falls under this expense in a dollar amount, and also include any benefits that fall under this expense section such as a car provided, if so provided the type and amount of purchase, cell phones, etc.

WITNESS: Spears

RESPONSE:

Expenses listed under "Compensation-Administration" include only the gross payroll for the 12 months ended June 30, 2014.

- Roy Sawyers Gross payroll for the 12 months was \$69,600.00 which included a car allowance of \$750 per month/ \$9,000.00 annually.
- Carrie Hatfield's gross payroll for the 12 months was \$54,620.76.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: AG Second Request

EXHIBIT 18

Mountain Water District
 Compensation Administration
 07/01/13-06/30/14

Employee	Vechicle Allowance		Wages for 7/1/2013-12/31/13		Vechicle Allowance 01/01/14-06/30/14		Wages for 01/01/14-06/30/14		Total for	
	07/01/13-12/31/13		12/31/13		01/01/14-06/30/14		06/30/14		07/01/13-06/30/14	
Roy B. Sawyers	\$	4,500.00	\$	30,000.00	\$	4,500.00	\$	30,600.00	\$	69,600.00
Carrie L. Hatfield		0	\$	27,039.96	\$	-	\$	27,580.80	\$	54,620.76
										\$ 124,220.76

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General Second Data Request

Q 19. Please reference the Company's response to AG 1-20(a) and explain why MWD did not engage in competitive bidding for the Accounting and Audit contract to ensure that the \$72,550, with a year to date balance of \$90,988.49, payment is the most cost effective option for its ratepayers, even if not required?

WITNESS : Sawyers.

RESPONSE :

As previously stated, the engagement of professional services does not require competitive bidding. Our current accountant, Mike Spears, has been engaged to do the accounting for MWD since 1997. He has also provided the same services for Southern Water & Sewer District in Floyd County, Kentucky since 1993. These are the two (2) largest duties in Eastern, Kentucky. By virtue of this experience, he is a leading expert on water districts in the region. His fees are set by contract, and his hourly rate has not changed since 2009.

CASE : Mountain Water District

CASE NO : 2014-00342

RE : Atty General Second Data Request

Q 20. Please reference the Company's response to AG 1-21(a) and explain why MWD did not engage in competitive bidding for the Legal Services contract to ensure that the \$39,034 payment, with a year to date balance of \$57,504.50, is the most cost effective option for its ratepayers, even if not required?

WITNESS : Sawyers.

RESPONSE :

As previously stated, the engagement of professional services does not require competitive bidding. Our current law firm, Stratton Law Firm, P.S.C., has been engaged as counsel for MWD since 1998. Prior to this engagement, the law firm represented the Shelby Valley Water District, which was one of the four (4) entities that combined to form MWD. Dan Stratton has extensive business and banking experience. He represents numerous business entities, and has served in various leadership positions in the community and state. The law firm's hourly rate, which is a substantial discount from their standard hourly rate, has not changed since 2008.

CASE : Mountain Water District

CASE NO : 2014-00342

RE : Atty General Second Data Request

Q 21. Please reference the Company's response to AG 1-22, Exhibit 22(a)(i), and AG 1-41.

- a. Why has MWD not engaged in competitive bidding for the roughly \$6 million dollar plus per year contract for Operations, Maintenance, and Management contract for water and \$1,225,000 million dollar contract for sewer since 2005 in order to determine if there are more cost effective options for its ratepayers over UMG?
- b. Why did MWD choose to award the water and sewer contracts to UMG when the company was only formed mere months before awarded the MWD contract?
- c. Why did MWD not deem it an inherent conflict of interest that Will Brown, who was the current MWD Superintendent during the bidding process, and was also an employee of (and part owner) of UMG?
- d. Per the UMG contract with MWD located in Exhibit 22(a)(i), p. 27, why did the current fulltime employees receive a 3% salary increase at the start of the contract?
- e. Why did MWD not award the water and sewer contract to Alliance Water Resources since that company had over 20 years experience in managing, operating, and maintaining water districts opposed to UMG's few months of being in existence, and MWD was UMG's first utility client?
- f. Why did MWD not award the contract to Alliance Water Resources since it appears the company provided a much lower budget of \$4.2 million dollars with a refundable repair budget of \$300,000 opposed to UMG's 6.87 million

dollars with a maintenance and repair limit of \$456,140 per year?

WITNESS : Sawyers. Information provided by local counsel.

RESPONSE 21(a):

MWD has not engaged in competitive bidding for its operation, maintenance and management contract since 2005. The UMG contract has been extended prior to expiration, for various and sundry reasons. The principle reasons include that if the contract had been cancelled, there would have been a balance due on a loan from UMG that was forgiven over the life of the loan. This loan was paid off in 2014. Secondly, their performance has been satisfactory.

RESPONSE 21(b):

The Board of Commissioners in 2005, evaluated the bids that were previously provided to the AG, along with all of the information and recommendations of the committee that oversaw the project, and they made what they thought was the best decision for MWD at that time. None of these members are current members of the MWD Board.

RESPONSE 21(c):

At the time MWD voted to contract with UMG, the Commissioners did not know that Will Brown was going to be a part-owner in UMG. It was known that he was going to be an employee, because UMG was going to hire all of MWD's employees, and it was understood that Mr. Brown would be MWD's Superintendent. MWD did not view the employment relationship as a conflict of interest as all of the employees were going to be initially retained. The fact that Mr. Brown was to be a part-owner in UMG, was certainly a conflict of interest that should have been disclosed to the Board by Mr. Brown.

RESPONSE 21(d):

WITNESS: Meyer

RESPONSE 21(d):

UMG management has consistently had a policy of providing employees with an average of 3% pay increases for cost of living adjustments at the beginning of July each year - if the company's financial condition permits.

WITNESS: Sawyers. Information provided by local counsel.

RESPONSE 21(e):

The Board made the decision to select UMG, because they believed it was in the best interest of MWD at that time. MWD cannot go back into the minds of the then Commissioners, none of whom remain on the Board, to determine their exact thoughts and opinions. It was known that Mr. Greg May, who was the person heading the UMG effort, had extensive experience with Viola Water, who had a successful tenure in contracting for the City of Pikeville.

RESPONSE 21(f):

See also response to 21(e).

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General Second Data Request

Q 22. Why did MWD not provide sufficient time for Alliance Water to submit a Complete application before scoring the proposals? Please reference the Company's response to AG 1-24. Provide an explanation of what the almost \$100,000 "final forgiveness of debt by UMG" entails, and why MWD received an apparent loan from UMG?

WITNESS : Sawyers. Information provided by local counsel.

RESPONSE :

AG 1-24 address expenses under "contract Services – Assumed Expenses by UMG", therefore, it does not relate to this question. It is believed all bidders were given the same amount of time to submit a complete application.

Q 23 Please reference the Company's response to AG 1-27 and Exhibit 27.

Q 23(a) Provide an explanation as to why Appalachian Wireless cell phone bills are included under the "Education and Meetings" expenses?

WITNESS: Spears

RESPONSE: It was put to a G/L that was used for misc. office expense. We now have opened a new G/L for that expense.

Q 23(b) Please explain why phone/internet expenses to Lightyear Network Solutions and Birch Communications are included under the "Education and Meetings" expenses? Please confirm if the Company has compared costs and determined that this is the least cost option for phone and internet.

WITNESS: Spears

RESPONSE: It was put to a G/L that was used for misc. office expense. We now have opened a new G/L for that expense. Yes, we have checked local companies, but have not bidden it out since it is under \$20,000.00.

Q 23(c) Please provide an explanation and justification as to why \$258.62 for Christmas Cards is listed under "Education and Meetings" and why this should not be removed for ratemaking purposes.

WITNESS: Spears

RESPONSE: It was put to a G/L that was used for misc. office expense. We now have opened a new G/L for that expense. This mere amount will have to be determined by the PSC.

Q 23(d) Please provide an explanation and justification as to why \$63.60 for funeral arrangements is included under the "Education and Meetings" expenses and why this should not be removed for ratemaking purposes.

WITNESS: Spears

RESPONSE: It was put to a G/L that was used for misc. office expense. We now have opened a new G/L for that expense. This mere amount will have to be determined by the PSC.

Q 23 Please reference the Company's response to AG 1-27 and Exhibit 27.

Q 23(e) Provide an explanation as to what the \$137.91 to Carrie Hatfield for "Mileage and Reimb. For PO Paid" entailed, provide a full description for the expenditure.

WITNESS: Spears

RESPONSE: Please see Exhibit 23(e)

Q 23(f) Provide an explanation as to why Employee insurance expenses are included under the "Education and Meetings" expenses? In relation to the employee insurance expense of \$9,393.17 please confirm this is for the two MWD employees, and explain whether the Company has compared insurance costs and determined this is the most cost-efficient approach?


WITNESS: Spears

RESPONSE: It was put to a G/L that was used for misc. office expense. We now have opened a new G/L for that expense. This expense was for one employee. It consists of health insurance, life insurance, dental insurance, and vision insurance. The other employee waved the insurance because they were covered by their spouse's insurance. The employee got multiple quotes and presented them to the board, and the board chose the current insurance package.

Q 23(g) Provide an explanation as to why workers comp insurance expenses are included under the "Education and Meetings" expenses? In relation to this expense of \$4,434.53 please confirm this is for the two MWD employees, and explain whether the Company has compared costs to other companies and determined this is the most cost-efficient approach?

WITNESS: Spears

RESPONSE: It was put to a G/L that was used for misc. office expense. We now have opened a new G/L for that expense. The amount of \$1,258.37 was for unemployment Insurance premium for both employees and the amount of \$3,176.16 was for the Districts annual premium for bond renewal. The District believes based on bids that KY Association of Counties was our better choice.



CASE: Mountain Water District
CASE NO: 2014-00342
RE: AG Second Request



EXHIBIT 23(e)



Detailed Mileage Expense

Carrie Hatfield

11/07/13-02/03/14

Date	Destination	Purpose	Miles Traveled
11/07/13	Post Office	Picked up Mail	14
11/14/13	Community Trust Bank	Deposits	14
11/27/13	Bank & Post Office	Deposits/Mail	14
12/03/13	Bank & Post Office	Deposits/Mail	14
12/12/13	Bank, post office & meet with Kelsey Friend to sign checks	Deposits, mail and had checks signed	21
12/20/13	Bank & Post Office	Deposits/Mail	14
12/30/13	Bank & Post Office	Deposits/Mail	14
01/06/14	Post Office	Picked up Mail	14
01/08/14	Bank	Deposit	14
01/15/14	Bank	Deposit	14
01/24/14	Meet with 2 Board Members	Got checks signed	20
01/28/14	Bank & Post Office	Deposits/Mail	14
01/29/14	Bank & Post Office	Deposits/Mail	14
01/31/14	Bank & Post Office	Paid box fee/deposit	14
02/03/14	Bank	Picked up documents	14
02/03/14	Bank	dropped items back off	14

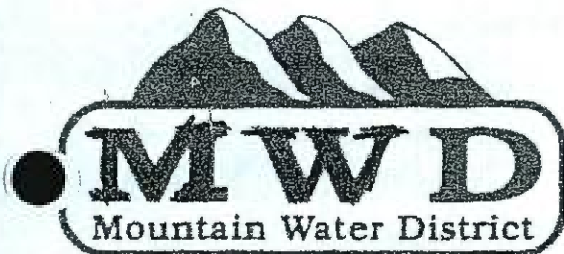
237 miles

Total Mileage Expense	237 miles x 0.565	<u>\$133.91</u>
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Misc. Expense

Paid Cash for difference owed		
1/31/2014 on post office box fee	Receipt Attached	<u>\$4.00</u>

Total Expenses		<u>\$137.91</u>
-----------------------	--	------------------------



EXPENSE VOUCHER

NAME Carrie Hatfield

SOC. SEC NUMBER [REDACTED]

Expense Summary

(Copy Totals From Other Side)

A. Meals Expense	
B. Mileage Expense	133.91
C. Miscellaneous Expense	4.00

TOTAL EXPENSES 137.91

I hereby certify that the above are proper charges incurred in the discharge of public business and that all information furnished on this form is true and correct to the best of my knowledge. I understand that intentional submission of false information is punishable by dismissal and criminal penalties.

Employee Signature Carrie Hatfield

Date 2/16/14

Approved By Ray B. Sawyer

Date 02/11/14

Meals Expense

Date/Time Departed	Date/Time Returned	Number of Days*	Total Cost
		X \$30.00	
		X \$30.00	
		X \$30.00	

Total Meals Expense _____

(Copy to other side – Section A) _____

* Departure time after 12 noon and/or return time prior to 5:00 p.m. is considered ½ day.

Mileage Expense

Date	Destination	Purpose	Miles Traveled (Round Trip)
11/7/13	PO	Pick Up Mail	14
11/14	Bank	Deposit	14
11/27/13	Bank & PO	Deposits + Mail	14
12/3/13	PO & Bank	Mail + Deposit	14
12/12/13	Bank & PO	Payroll Transfer + Mail	21
	Meet w/ Kerkay	Check Signed	
12/20/13	Bank & PO	Deposits + Mail	14
12/30/13	Bank & PO	Deposits - Mail	14
1/6/14	PO	Mail	14
1/8/14	Bank	Deposits	14
1/15/14	Bank	Payroll transfer	14
1/24/14	Meet Rhonda Hincle	Check signed	20

Total Miles Traveled 167

Total Miles X 0.565 _____

(Copy to other side – Section B)

Miscellaneous Expense

Date	Description of Expense (Attach Receipt)	Amount of Expense

Total Miscellaneous Expense _____

(Copy to other side – Section C)

Meals Expense

Date/Time Departed	Date/Time Returned	Number of Days*	Total Cost
		X \$30.00	
		X \$30.00	
		X \$30.00	

Total Meals Expense

(Copy to other side – Section A) _____

* Departure time after 12 noon and/or return time prior to 5:00 p.m. is considered ½ day.

Mileage Expense

Date	Destination	Purpose	Miles Traveled (Round Trip)
1/28/14	PO + Bank	Mail Departs	14
1/29/14	PO + Bank	il	14
1/31/14	Bank + PO	Paid box fee	14
2/3/14	Bank	Picked up check copies fr. Bank	14
		check copies fr. Bank	14
		fr. Bank	

Total Miles Traveled 237 ^{167.}

Total Miles X 0.565 133.91

(Copy to other side – Section B)

Miscellaneous Expense

Date	Description of Expense (Attach Receipt)	Amount of Expense
1/31/14	Pd. Cash for difference owed on P.O. box fee	4.00

Total Miscellaneous Expense 4.00

(Copy to other side – Section C)

PIKEVILLE MPO
PIKEVILLE, Kentucky
415019996

2047860401 -0096

01/31/2014

(606)432-2146

01:58:37 PM

Product Description	Sales Receipt		Final Price
	Sale Qty	Unit Price	

Renew PO Box Name: \$92.00

HATFIELD, CARRIE
MOUNTAIN WATER DISTRICT

Customer Number: N60756138066

ZIP Code: 41502P

Box Size: 2

Box/Call Number: 3607

Period: Annual (12 months)
(02/01/2014 -
01/31/2015)

Visit ID: 68257744

Total: \$92.00

Paid by:
Personal Check \$88.00
Cash \$4.00 \$10.00
Change Due: -\$6.00

Order stamps at usps.com/shop or call
1-800-Stamp24. Go to usps.com/clicknship
to print shipping labels with postage. For
other information call 1-800-ASK-USPS.

Get your mail when and where you want it
with a secure Post Office Box. Sign up for
a box online at usps.com/poboxes.

Bill#: 1000203224042
Clerk: 11

All sales final on stamps and postage
Refunds for guaranteed services only
Thank you for your business

HELP US SERVE YOU BETTER

Go to: <https://postalexperience.com/Pos>

TELL US ABOUT YOUR RECENT
POSTAL EXPERIENCE

YOUR OPINION COUNTS

Customer

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 24 Please reference the Company's response to AG 1-28. This answer is non-responsive.

Q 24(a) Provide information as to why \$10 August Maintenance Fee is listed under Settlement Expenses and what this fee entails.

WITNESS: Spears

RESPONSE: This was done in error and not related to any settlement expense.

Q 24(b) Provide information as to why \$500 was paid to J.S. Walters, and what this fee entails. Provide complete information as to the details of the claims, case number if any, settlement negotiations, and settlement amount.

WITNESS: Spears

RESPONSE: Please refer to the Release of Liability noted as Exhibit 24(b).

Q 24(c) Provide information as to why \$2500 was paid to Don Dotson, and what this fee entails. Provide complete information as to the details of the claims, case number if any, settlement negotiations, and settlement amount.

WITNESS: Spears

RESPONSE: Please refer to the Release of Liability noted as Exhibit 24(c).

Exhibit 24 (b)

RELEASE OF LIABILITY

The undersigned J.S. Walters, for and in consideration of Five Hundred Dollars (\$500.00), does hereby forever grant unto Utility Management Group, LLC and Mountain Water District, a complete and full release from any and all past, present and future claims, which are known or unknown, that arose or may arise out of, or are in any way connected with the service line leak under the leach bed at 3520 N. Big Creek Road or the replacement of the water line around the leach bed at the same address.

This release shall be binding on the undersigned, his heirs, executors, successors and assigns, and is an agreement to indemnify and hold harmless the Utility Management Group, LLC and Mountain Water District from any liability in connection with the above referenced incident.

The undersigned has read this foregoing release and understands the contents and consequences of this agreement.

This release contains the entire agreement between and among the parties hereto, and there are no other agreements.

EXECUTED this 6th day of November, 2013.

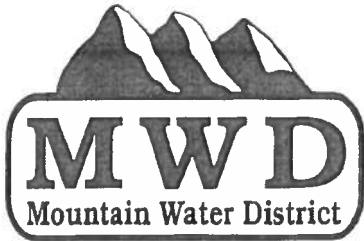
J.S. Walters
Signature

J S WALTERS
Printed Name

Carrie Hatfield
Witnessed By (signature)

Carrie Hatfield
Witnessed By (printed name)

Exhibit 24 (c)



P. O. BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

RELEASE OF LIABILITY

KNOW ALL MEN BY THESE PRESENTS:

The undersigned Don Dotson, by this release does hereby forever grant unto Utility Management Group, LLC and Mountain Water District, a complete and full release from any and all past, present and future claims which are known or unknown that arose or may arise out of, or are in any way connected with the pavement damage to 4222 State Hwy 1056, McCarr/Ransom, Ky.

This release shall be binding on the undersigned's heirs, executors, successors and assigns and is an agreement to indemnify and hold harmless the Utility Management Group, LLC and Mountain Water District from any liability in connection with the above referenced incident. The undersigned has read this foregoing release and understands the contents and consequences of this agreement. This release contains the entire agreement between and among the parties hereto and there are no other agreements.

Executed this 9th day of May, 2014.

*Subscribed & sworn before me this
the 9th day of May, 2014 by
Don W. Dotson.*

*Tommy Olson
Notary*

*My Commission expires
January 16, 2016.*

Don Dotson
(Sign Here)

Don Dotson
(Print Name Here)

Ray B. Sawyer
Witnessed By (Sign Here)

Ray B. SAWYERS
(Print Name Here)

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 25 Please reference the Company's response to AG 1-29 where a complete and detailed breakdown of expenses listed under "Bank Service Fees" for \$23,857 were requested. The Company provided Exhibit 29 which is a General Ledger; however there are no details as to what each transaction represents. Provide details as to what the transactions represent. Furthermore, has MWD compared the current bank's fees/rates to other banks to determine if it is the most cost-efficient option?

WITNESS: Spears

RESPONSE: The expenses listed under "Bank Services Fees" consist of any bank maintenance fees, return check fees, stop payment fees. It also includes the portion that is withdrawn for the Districts bond payment by Regions Bank for monthly administration fees. It also consists what the credit card company charges us for our credit card processing fee. We do however collect these fees from the customer. Please see Exhibit 25.

Exhibit 25

Date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
		PAY--CC TRANSACTION FEES		(16.75)		
07/18/13	DEP.11	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(96.32)		
07/18/13	DEP.11	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(47.62)		
07/01/13	DEP.15	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(51.75)		
07/01/13	DEP.15	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(279.22)		
07/01/13	DEP.15	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(105.31)		
07/19/13	DEP.18	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(52.60)		
07/19/13	DEP.19	TOTAL DEPOSIT NO.6--ONLINE				
		CONVENIENCE FEES		(40.33)		
07/19/13	DEP.20	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(24.50)		
07/19/13	DEP.20	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC SURCHARGES		(122.70)		
07/19/13	DEP.20	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(102.41)		
07/02/13	DEP.23	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(34.75)		
07/02/13	DEP.23	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(158.55)		
07/02/13	DEP.23	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(96.17)		
07/22/13	DEP.27	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(24.75)		
07/22/13	DEP.27	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(120.91)		
07/22/13	DEP.27	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(57.57)		
07/03/13	DEP.30	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(54.16)		
07/03/13	DEP.32	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(49.25)		
07/03/13	DEP.32	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC SURCHARGES		(220.93)		
07/03/13	DEP.32	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(113.20)		
07/23/13	DEP.34	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(21.50)		
07/23/13	DEP.34	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(107.28)		
07/23/13	DEP.34	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(45.32)		
07/05/13	DEP.41	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(87.51)		
07/25/13	DEP.41	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(15.00)		
07/25/13	DEP.41	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(80.90)		
07/25/13	DEP.41	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(77.62)		
07/05/13	DEP.42	TOTAL DEPOSIT NO.8 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(45.42)		
07/05/13	DEP.43	TOTAL DEPOSIT NO.9 -CREDIT CARD				

MOUNTAIN WATER DISTRICT
General Ledger

Date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
		PAY--CC TRANSACTION FEES		(45.75)		
07/05/13	DEP.43	TOTAL DEPOSIT NO.9 -CREDIT CARD				
		PAY--CC SURCHARGES		(192.56)		
07/05/13	DEP.43	TOTAL DEPOSIT NO.9 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(136.86)		
07/24/13	DEP.48	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(17.50)		
07/24/13	DEP.48	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(86.71)		
07/24/13	DEP.48	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(58.13)		
07/08/13	DEP.52	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(46.75)		
07/08/13	DEP.52	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC SURCHARGES		(214.40)		
07/08/13	DEP.52	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(87.56)		
07/26/13	DEP.54	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(26.19)		
07/26/13	DEP.55	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(10.21)		
07/26/13	DEP.56	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(25.25)		
07/26/13	DEP.56	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(131.05)		
07/26/13	DEP.56	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(76.97)		
07/09/13	DEP.59	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(30.50)		
07/09/13	DEP.59	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(130.15)		
07/09/13	DEP.59	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(85.11)		
07/29/13	DEP.65	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(19.50)		
07/29/13	DEP.65	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC SURCHARGES		(107.44)		
07/29/13	DEP.65	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(39.05)		
07/10/13	DEP.66	TOTAL DEPOSIT NO.5-CREDIT CARD				
		PAY--CC TRANSACTION FEES		(20.50)		
07/10/13	DEP.66	TOTAL DEPOSIT NO.5-CREDIT CARD				
		PAY--CC SURCHARGES		(91.83)		
07/10/13	DEP.66	TOTAL DEPOSIT NO.5-CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(74.74)		
07/30/13	DEP.71	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(16.50)		
07/30/13	DEP.71	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(84.07)		
07/30/13	DEP.71	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(62.65)		
07/11/13	DEP.72	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(19.00)		
07/11/13	DEP.72	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(87.34)		
07/11/13	DEP.72	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(64.45)		
07/31/13	DEP.78	TOTAL DEPOSIT NO.5 -CREDIT CARD				

date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
		PAY--CC TRANSACTION FEES		(18.25)		
07/31/13	DEP.78	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(99.52)		
07/31/13	DEP.78	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(52.03)		
07/12/13	DEP.80	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(38.81)		
07/12/13	DEP.81	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(46.95)		
07/12/13	DEP.82	TOTAL DEPOSIT NO.7--CC				
		TRANSACTION FEES		(27.25)		
07/12/13	DEP.82	TOTAL DEPOSIT NO.7--CC				
		SURCHARGES		(151.34)		
07/12/13	DEP.82	TOTAL DEPOSIT NO.7--ONLINE				
		CONVENIENCE FEES		(84.51)		
07/15/13	DEP.90	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(29.50)		
07/15/13	DEP.90	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(136.97)		
07/15/13	DEP.90	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(78.05)		
07/16/13	DEP.97	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(27.75)		
07/16/13	DEP.97	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(128.91)		
6/13	DEP.97	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(61.40)		
07/31/13	R 10 J	BANK FEES		1,294.79		
08/31/13	1	AUGUST MAINTENANCE FEE		2.52		
08/09/13	1.0003	MAINTENANCE FEE		10.00		
08/31/13	1.0010	AUG-TNG MERCHANT & PROCESSING				
		FEES		6,094.76		
08/31/13	1.0016	STOP PAYMENT FEE		20.00		
08/31/13	1.0020	AUGUST-SERVICE CHARGES				
		RETURNED ITEM		63.00		
08/21/13	1.0022	AUGUST SERVICE CHARGE		17.00		
08/31/13	1.0024	AUGUST MAINTENANCE FEE		10.00		
08/15/13	DEP.04	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(24.50)		
08/15/13	DEP.04	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(128.11)		
08/15/13	DEP.04	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(112.42)		
08/16/13	DEP.11	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(40.25)		
08/16/13	DEP.12	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(31.97)		
08/16/13	DEP.13	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(29.50)		
08/16/13	DEP.13	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC SURCHARGES		(144.26)		
08/16/13	DEP.13	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(79.37)		
08/19/13	DEP.21	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(32.75)		
08/19/13	DEP.21	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(155.85)		
08/19/13	DEP.21	TOTAL DEPOSIT NO.6 -CREDIT CARD				

ate	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
	6759.08	BANK SERVICE FEES EXP (cont.)				
		PAY--ONLINE CONVENIENCE FEES		(67.67)		
08/01/13	DEP.23	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(44.75)		
08/01/13	DEP.23	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(203.69)		
08/01/13	DEP.23	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(113.61)		
08/20/13	DEP.27	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(28.75)		
08/20/13	DEP.27	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(149.34)		
08/20/13	DEP.27	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(48.88)		
08/02/13	DEP.31	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(62.48)		
08/02/13	DEP.32	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(64.47)		
08/02/13	DEP.33	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(61.25)		
08/02/13	DEP.33	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC SURCHARGES		(277.06)		
08/02/13	DEP.33	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(135.03)		
08/21/13	DEP.35	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(30.00)		
08/21/13	DEP.35	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(169.09)		
08/21/13	DEP.35	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(64.67)		
08/21/13	DEP.42	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(24.25)		
08/21/13	DEP.42	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(144.02)		
08/21/13	DEP.42	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(57.77)		
08/05/13	DEP.43	TOTAL DEPOSIT NO.8 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(50.50)		
08/05/13	DEP.43	TOTAL DEPOSIT NO.8 -CREDIT CARD				
		PAY--CC SURCHARGES		(203.27)		
08/05/13	DEP.43	TOTAL DEPOSIT NO.8 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(113.85)		
08/23/13	DEP.48	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(30.05)		
08/23/13	DEP.49	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(23.45)		
08/23/13	DEP.50	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(34.25)		
08/23/13	DEP.50	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(169.10)		
08/23/13	DEP.50	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(90.00)		
08/06/13	DEP.52	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(30.50)		
08/06/13	DEP.52	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC SURCHARGES		(145.58)		
08/06/13	DEP.52	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(82.87)		
08/26/13	DEP.58	TOTAL DEPOSIT NO.6 -CREDIT CARD				

MOUNTAIN WATER DISTRICT
General Ledger

Date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
		PAY--CC TRANSACTION FEES		(20.75)		
08/26/13	DEP.58	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(113.19)		
08/26/13	DEP.58	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(54.91)		
08/07/13	DEP.60	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(21.75)		
08/07/13	DEP.60	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(104.11)		
08/07/13	DEP.60	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(59.63)		
08/27/13	DEP.64	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(14.75)		
08/27/13	DEP.64	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(104.28)		
08/27/13	DEP.64	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(38.74)		
08/08/13	DEP.67	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(21.50)		
08/08/13	DEP.67	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(93.09)		
08/08/13	DEP.67	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(64.34)		
08/28/13	DEP.70	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(16.25)		
08/28/13	DEP.70	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(85.36)		
08/28/13	DEP.70	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(36.98)		
08/09/13	DEP.73	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(36.95)		
08/09/13	DEP.74	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(43.88)		
08/09/13	DEP.75	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(31.50)		
08/09/13	DEP.75	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(139.75)		
08/09/13	DEP.75	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(99.68)		
08/29/13	DEP.77	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(16.00)		
08/29/13	DEP.77	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(81.01)		
08/29/13	DEP.77	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(68.18)		
08/12/13	DEP.82	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(19.25)		
08/12/13	DEP.82	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(96.04)		
08/12/13	DEP.82	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(49.98)		
08/30/13	DEP.85	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(65.75)		
08/30/13	DEP.86	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(59.99)		
08/30/13	DEP.87	TOTAL DEPOSIT NO.8 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(39.61)		
08/13/13	DEP.88	TOTAL DEPOSIT NO.3 -CREDIT CARD				

Date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
		PAY--CC TRANSACTION FEES		(16.25)		
08/13/13	DEP.88	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--CC SURCHARGES		(81.52)		
08/13/13	DEP.88	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(60.26)		
08/30/13	DEP.88	TOTAL DEPOSIT NO.9 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(50.50)		
08/30/13	DEP.88	TOTAL DEPOSIT NO.9 -CREDIT CARD				
		PAY--CC SURCHARGES		(215.47)		
08/30/13	DEP.88	TOTAL DEPOSIT NO.9 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(111.88)		
08/14/13	DEP.94	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(16.50)		
08/14/13	DEP.94	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(78.60)		
08/14/13	DEP.94	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(93.49)		
08/31/13	R10 J	BANK FEES		1,259.38		
09/30/13	1.0002	SEPTEMBER MAINTENANCE FEE		10.00		
09/30/13	1.0005	SEPT. TNG MERCHANT & PROCESSING FEES		6,495.97		
09/30/13	1.0008	SEPT. SERVICE CHARGES RETURNED ITEMS		48.00		
09/23/13	1.0015	SEPTEMBER SERVICE CHARGE		3.00		
09/30/13	1.0018	SEPTEMBER MAINTENANCE FEE		10.00		
09/18/13	DEP.01	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(16.50)		
09/18/13	DEP.01	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(78.61)		
09/18/13	DEP.01	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(41.52)		
09/19/13	DEP.07	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(13.50)		
09/19/13	DEP.07	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(59.71)		
09/19/13	DEP.07	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(48.48)		
09/20/13	DEP.13	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(45.46)		
09/20/13	DEP.14	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(43.77)		
09/03/13	DEP.15	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(74.50)		
09/03/13	DEP.15	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC SURCHARGES		(316.83)		
09/03/13	DEP.15	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(131.19)		
09/20/13	DEP.15	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(33.00)		
09/20/13	DEP.15	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(157.57)		
09/20/13	DEP.15	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(105.29)		
09/04/13	DEP.25	TOTAL DEPOSIT NO.8 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(36.00)		
09/04/13	DEP.25	TOTAL DEPOSIT NO.8 -CREDIT CARD				
		PAY--CC SURCHARGES		(152.56)		
09/04/13	DEP.25	TOTAL DEPOSIT NO.8 -CREDIT CARD				

MOUNTAIN WATER DISTRICT
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<u>Date</u>	<u>Reference T</u>	<u>Description</u>	<u>Beginning Balance</u>	<u>Current Amount</u>	<u>Period End Amount</u>	<u>YTD Balance</u>
		6759.08 BANK SERVICE FEES EXP (cont.)				
		PAY--ONLINE CONVENIENCE FEES		(63.97)		
09/23/13	DEP.25	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(37.75)		
09/23/13	DEP.25	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC SURCHARGES		(209.21)		
09/23/13	DEP.25	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(61.12)		
09/05/13	DEP.32	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY- -CC TRANSACTION FEES		(34.50)		
09/05/13	DEP.32	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(152.22)		
09/05/13	DEP.32	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(91.23)		
09/24/13	DEP.32	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(17.50)		
09/24/13	DEP.32	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(89.68)		
09/24/13	DEP.32	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(45.37)		
09/06/13	DEP.39	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(43.91)		
09/06/13	DEP.40	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(42.01)		
09/25/13	DEP.40	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(19.00)		
09/25/13	DEP.40	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(94.28)		
09/25/13	DEP.40	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(43.52)		
09/06/13	DEP.41	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(29.50)		
09/06/13	DEP.41	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC SURCHARGES		(110.78)		
09/06/13	DEP.41	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(132.81)		
09/09/13	DEP.48	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTIO FEES		(25.75)		
09/09/13	DEP.48	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(109.82)		
09/09/13	DEP.48	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(83.67)		
09/26/13	DEP.50	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(17.75)		
09/26/13	DEP.50	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(115.86)		
09/26/13	DEP.50	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(51.41)		
09/10/13	DEP.54	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(25.75)		
09/10/13	DEP.54	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(127.51)		
09/10/13	DEP.54	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(64.34)		
09/27/13	DEP.56	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(43.25)		
09/27/13	DEP.57	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(27.18)		
09/27/13	DEP.58	TOTAL DEPOSIT NO.6 -CREDIT CARD				

MOUNTAIN WATER DISTRICT
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ate	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
		PAY--CC TRANSACTION FEES		(30.75)		
09/27/13	DEP.58	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(163.39)		
09/27/13	DEP.58	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(71.78)		
09/11/13	DEP.61	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(20.75)		
09/11/13	DEP.61	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(89.07)		
09/11/13	DEP.61	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(66.41)		
09/30/13	DEP.66	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(21.00)		
09/30/13	DEP.66	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(95.63)		
09/30/13	DEP.66	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(94.19)		
09/12/13	DEP.68	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(14.50)		
09/12/13	DEP.68	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(65.16)		
09/12/13	DEP.68	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(54.28)		
09/13/13	DEP.77	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(51.85)		
09/13/13	DEP.78	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(56.07)		
09/13/13	DEP.79	TOTAL DEPOSIT NO.8 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(22.50)		
09/13/13	DEP.79	TOTAL DEPOSIT NO.8 -CREDIT CARD				
		PAY--CC SURCHARGES		(127.23)		
09/13/13	DEP.79	TOTAL DEPOSIT NO.8 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(87.71)		
09/16/13	DEP.88	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(30.50)		
09/16/13	DEP.88	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC SURCHARGES		(137.31)		
09/16/13	DEP.88	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(82.59)		
09/17/13	DEP.94	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(18.50)		
09/17/13	DEP.94	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(88.53)		
09/17/13	DEP.94	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(44.82)		
09/30/13	R10 J	BANK FEES		1,259.38		
10/31/13	1.0002	REFUND MAINTENANCE FEES		(30.00)		
10/31/13	1.0007	OCTOBER SERVICE CHARGES- RETURNED ITE		48.00		
10/31/13	1.0008	OCTOBER TNG MERCHANT & PROCESSING FE		5,367.46		
10/21/13	1.0017	OCTOBER SERVICE CHARGE		18.00		
10/31/13	1.0019	OCTOBER MAINTENACE FEES		10.00		
10/17/13	DEP.02	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(21.75)		
10/17/13	DEP.02	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(102.50)		
10/17/13	DEP.02	TOTAL DEPOSIT NO.4 -CREDIT CARD				

ate	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
		PAY--ONLINE CONVENIENCE FEES		(65.67)		
10/18/13	DEP.07	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(35.96)		
10/18/13	DEP.08	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(49.89)		
10/18/13	DEP.09	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(29.25)		
10/18/13	DEP.09	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(164.66)		
10/18/13	DEP.09	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(94.17)		
10/01/13	DEP.14	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(53.75)		
10/01/13	DEP.14	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY-- CC SURCHARGES		(260.18)		
10/01/13	DEP.14	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(102.08)		
10/21/13	DEP.16	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(24.25)		
10/21/13	DEP.16	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(120.82)		
10/21/13	DEP.16	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(73.60)		
10/02/13	DEP.21	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(21.50)		
10/02/13	DEP.21	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(87.51)		
10/02/13	DEP.21	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(99.11)		
10/22/13	DEP.22	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(18.00)		
10/22/13	DEP.22	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(82.36)		
10/22/13	DEP.22	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(42.32)		
10/03/13	DEP.28	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(55.75)		
10/03/13	DEP.28	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(215.34)		
10/03/13	DEP.28	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(107.71)		
10/23/13	DEP.29	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(19.75)		
10/23/13	DEP.29	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(100.71)		
10/23/13	DEP.29	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(57.45)		
10/24/13	DEP.35	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(15.25)		
10/24/13	DEP.35	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(92.18)		
10/24/13	DEP.35	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(59.85)		
10/04/13	DEP.37	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(73.35)		
10/04/13	DEP.38	TOTAL DEPOSIT NO.8 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(43.34)		
10/04/13	DEP.39	TOTAL DEPOSIT NO.9--CC				

MOUNTAIN WATER DISTRICT
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date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
	6759.08	BANK SERVICE FEES EXP (cont.)				
		TRANSACTION FEES		(43.50)		
10/04/13	DEP.39	TOTAL DEPOSIT NO.9--CC SURCHARGES		(191.80)		
10/04/13	DEP.39	TOTAL DEPOSIT NO.9--ONLINE CONVENIENCE FEES		(122.63)		
10/25/13	DEP.42	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(19.80)		
10/25/13	DEP.43	TOTAL DEPOSIT NO.6-CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(25.04)		
10/25/13	DEP.44	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC TRANSACTION FEES		(19.25)		
10/25/13	DEP.44	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC SURCHARGES		(83.43)		
10/25/13	DEP.44	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(53.51)		
10/07/13	DEP.47	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(39.00)		
10/07/13	DEP.47	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(172.88)		
10/07/13	DEP.47	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(91.42)		
10/28/13	DEP.52	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(23.00)		
10/28/13	DEP.52	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(128.98)		
10/28/13	DEP.52	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(53.77)		
10/08/13	DEP.53	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(29.25)		
10/08/13	DEP.53	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(129.87)		
10/08/13	DEP.53	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(67.24)		
10/29/13	DEP.58	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(14.75)		
10/29/13	DEP.58	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(80.04)		
10/29/13	DEP.58	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(49.39)		
10/09/13	DEP.60	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(21.50)		
10/09/13	DEP.60	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(104.92)		
10/09/13	DEP.60	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(51.05)		
10/30/13	DEP.65	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(13.00)		
10/30/13	DEP.65	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(61.46)		
10/30/13	DEP.65	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(42.52)		
10/10/13	DEP.66	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--CC TRANSACTION FEES		(20.50)		
10/10/13	DEP.66	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--CC SURCHARGES		(119.22)		
10/10/13	DEP.66	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(54.61)		
10/31/13	DEP.71	TOTAL DEPOSIT NO.4 -CREDIT CARD				

date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
		PAY--CC TRANSACTION FEES		(13.75)		
10/31/13	DEP.71	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(64.40)		
10/31/13	DEP.71	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(64.98)		
10/11/13	DEP.73	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(49.04)		
10/11/13	DEP.74	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(46.94)		
10/11/13	DEP.75	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(30.25)		
10/11/13	DEP.75	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC SURCHARGES		(133.34)		
10/11/13	DEP.75	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(90.66)		
10/14/13	DEP.80	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(26.00)		
10/14/13	DEP.80	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--CC SURCHARGES		(124.14)		
10/14/13	DEP.80	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(67.67)		
10/15/13	DEP.87	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(20.75)		
10/15/13	DEP.87	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(86.59)		
10/15/13	DEP.87	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(55.91)		
10/16/13	DEP.95	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(24.00)		
10/16/13	DEP.95	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(149.24)		
10/16/13	DEP.95	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(71.04)		
10/31/13	R10 J	BANK FEES		1,259.38		
11/30/13	1.0005	NOVEMBER TNG MERCHANT & PROCESSING F		6,090.63		
11/30/13	1.0007	NOVEMBER SERVICE CHARGES- RETURNED IT		60.00		
11/21/13	1.0015	NOVEMBER SERVICE CHARGES		18.00		
11/30/13	1.0017	NOVEMBER MAINTENANCE FEES		10.00		
11/20/13	DEP.03	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(22.25)		
11/20/13	DEP.03	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(118.89)		
11/20/13	DEP.03	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(66.23)		
11/21/13	DEP.10	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(20.50)		
11/21/13	DEP.10	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(106.15)		
11/21/13	DEP.10	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(67.16)		
11/01/13	DEP.11	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(66.29)		
11/01/13	DEP.12	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(59.56)		
11/01/13	DEP.13	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(79.75)		

MOUNTAIN WATER DISTRICT
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date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
11/01/13	DEP.13	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC SURCHARGES		(341.23)		
11/01/13	DEP.13	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(181.72)		
11/22/13	DEP.16	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(28.18)		
11/22/13	DEP.17	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(39.15)		
11/22/13	DEP.18	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(32.50)		
11/22/13	DEP.18	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(135.59)		
11/22/13	DEP.18	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(75.31)		
11/04/13	DEP.23	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--CC TRANSACTION FEES		(61.25)		
11/04/13	DEP.23	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--CC SURCHARGES		(244.09)		
11/04/13	DEP.23	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(107.78)		
11/25/13	DEP.26	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(23.00)		
11/25/13	DEP.26	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(92.74)		
11/25/13	DEP.26	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(33.85)		
11/05/13	DEP.32	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC TRANSACTION FEES		(38.25)		
11/05/13	DEP.32	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC SURCHARGES		(154.24)		
11/05/13	DEP.32	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(79.81)		
11/26/13	DEP.34	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(13.75)		
11/26/13	DEP.34	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(72.12)		
11/26/13	DEP.34	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(25.34)		
11/06/13	DEP.39	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(27.00)		
11/06/13	DEP.39	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(126.58)		
11/06/13	DEP.39	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(63.68)		
11/27/13	DEP.40	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(26.77)		
11/27/13	DEP.41	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(101.41)		
11/27/13	DEP.43	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(48.97)		
11/27/13	DEP.44	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(75.52)		
11/07/13	DEP.45	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(18.75)		
11/07/13	DEP.45	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(80.04)		
11/07/13	DEP.45	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(64.89)		

Date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
11/27/13	DEP.45	TOTAL DEPOSIT NO.9 -CREDIT CARD PAY--CC TRANSACTION FEES		(11.75)		
11/27/13	DEP.45	TOTAL DEPOSIT NO.9 -CREDIT CARD PAY--CC SURCHARGES		(46.85)		
11/27/13	DEP.45	TOTAL DEPOSIT NO.9 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(50.24)		
11/08/13	DEP.51	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(54.92)		
11/08/13	DEP.53	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(48.37)		
11/08/13	DEP.54	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(40.38)		
11/08/13	DEP.55	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC TRANSACTION FEES		(31.00)		
11/08/13	DEP.55	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC SURCHARGES		(150.13)		
11/08/13	DEP.55	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(61.34)		
11/12/13	DEP.62	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(28.75)		
11/12/13	DEP.62	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(119.61)		
11/12/13	DEP.62	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(60.02)		
11/13/13	DEP.69	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(28.00)		
11/13/13	DEP.69	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(142.45)		
11/13/13	DEP.69	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(39.57)		
11/14/13	DEP.76	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(19.00)		
11/14/13	DEP.76	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(87.62)		
11/14/13	DEP.76	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(63.91)		
11/15/13	DEP.81	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(25.34)		
11/15/13	DEP.82	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(51.96)		
11/15/13	DEP.83	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(30.75)		
11/15/13	DEP.83	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(142.24)		
11/15/13	DEP.83	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(98.73)		
11/18/13	DEP.90	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(27.25)		
11/18/13	DEP.90	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(138.30)		
11/18/13	DEP.90	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(77.23)		
11/19/13	DEP.96	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(26.50)		
11/19/13	DEP.96	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(144.66)		
11/19/13	DEP.96	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(63.60)		

MOUNTAIN WATER DISTRICT
General Ledger

Date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
6759.08 BANK SERVICE FEES EXP (cont.)						
11/30/13	R10 J	BANK FEES		1,259.38		
12/31/13	1.0004	DECEMBER TNG MERCHANT FEES		5,488.87		
12/31/13	1.0006	DECEMBER SERVICES CHARGES		42.00		
12/31/13	1.0014	DECEMBER SERVICE CHARGES		3.00		
12/31/13	1.0016	DECEMBER MAINT. FEES		10.00		
12/17/13	DEP.00	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--CC TRANSACTION FEES		(14.50)		
12/17/13	DEP.00	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--CC SURCHARGES		(63.06)		
12/17/13	DEP.00	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(42.99)		
12/18/13	DEP.06	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(14.50)		
12/18/13	DEP.06	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(72.65)		
12/18/13	DEP.06	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(45.67)		
12/03/13	DEP.13	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(65.25)		
12/03/13	DEP.13	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(291.11)		
12/03/13	DEP.13	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(156.81)		
12/20/13	DEP.13	TOTAL DEPOSIT NO.4 -CC		(56.71)		
12/20/13	DEP.14	TOTAL DEPOSIT NO.5 -CC		(37.32)		
12/20/13	DEP.15	TOTAL DEPOSIT NO.6 -CC		(29.00)		
12/20/13	DEP.15	TOTAL DEPOSIT NO.6 -CC		(147.77)		
12/20/13	DEP.15	TOTAL DEPOSIT NO.6 -CC		(94.85)		
12/02/13	DEP.22	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC TRANSACTION FEES		(56.50)		
12/02/13	DEP.22	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC SURCHARGES		(227.42)		
12/02/13	DEP.22	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(86.11)		
12/23/13	DEP.22	TOTAL DEPOSIT NO.5-CC		(17.02)		
12/23/13	DEP.23	TOTAL DEPOSIT NO.6-CC		(23.95)		
12/23/13	DEP.26	TOTAL DEPOSIT NO.9-CC		(27.00)		
12/23/13	DEP.26	TOTAL DEPOSIT NO.9-CC		(134.88)		
12/23/13	DEP.26	TOTAL DEPOSIT NO.9-CC		(44.95)		
12/04/13	DEP.30	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(41.50)		
12/04/13	DEP.30	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(179.15)		
12/04/13	DEP.30	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(67.83)		
12/26/13	DEP.34	TOTAL DEPOSIT NO.6-CC		(27.75)		
12/26/13	DEP.34	TOTAL DEPOSIT NO.6-CC		(156.91)		
12/26/13	DEP.34	TOTAL DEPOSIT NO.6-CC		(77.79)		
12/05/13	DEP.36	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(30.75)		
12/05/13	DEP.36	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(147.44)		
12/05/13	DEP.36	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(86.44)		
12/27/13	DEP.41	TOTAL DEPOSIT NO.5		(24.73)		
12/27/13	DEP.42	TOTAL DEPOSIT NO.6-CC		(29.40)		
12/27/13	DEP.43	TOTAL DEPOSIT NO.7-CC		(25.00)		
12/27/13	DEP.43	TOTAL DEPOSIT NO.7-CC		(101.09)		

MOUNTAIN WATER DISTRICT
General Ledger

Date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
12/27/13	DEP.43	TOTAL DEPOSIT NO.7-CC		(82.82)		
12/06/13	DEP.44	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(47.16)		
12/06/13	DEP.45	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(50.00)		
12/06/13	DEP.46	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--CC TRANSACTION FEES		(34.50)		
12/06/13	DEP.46	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--CC SURCHARGES		(150.99)		
12/06/13	DEP.46	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(109.84)		
12/30/13	DEP.51	TOTAL DEPOSIT NO.6-CC		(25.50)		
12/30/13	DEP.51	TOTAL DEPOSIT NO.6-CC		(120.32)		
12/30/13	DEP.51	TOTAL DEPOSIT NO.6-CC		(56.82)		
12/09/13	DEP.53	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(40.50)		
12/09/13	DEP.53	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(171.47)		
12/09/13	DEP.53	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(53.42)		
12/31/13	DEP.58	TOTAL DEPOSIT NO.5-CC		(32.75)		
12/31/13	DEP.58	TOTAL DEPOSIT NO.5-CC		(148.23)		
12/31/13	DEP.58	TOTAL DEPOSIT NO.5-CC		(64.64)		
12/31/13	DEP.61	TOTAL DEPOSIT NO.8		(69.80)		
12/10/13	DEP.62	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC TRANSACTION FEES		(24.25)		
12/10/13	DEP.62	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC SURCHARGES		(119.04)		
12/10/13	DEP.62	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(60.80)		
12/19/13	DEP.64	TOTAL DEPOSIT NO.3		(18.75)		
12/19/13	DEP.64	TOTAL DEPOSIT NO.3		(98.51)		
12/19/13	DEP.64	TOTAL DEPOSIT NO.3		(58.38)		
12/11/13	DEP.70	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(35.50)		
12/11/13	DEP.70	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(149.54)		
12/11/13	DEP.70	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(86.34)		
12/12/13	DEP.77	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(24.75)		
12/12/13	DEP.77	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(124.10)		
12/12/13	DEP.77	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(91.35)		
12/13/13	DEP.84	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(49.68)		
12/13/13	DEP.85	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(30.71)		
12/13/13	DEP.86	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(26.75)		
12/13/13	DEP.86	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(117.26)		
12/13/13	DEP.86	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(95.33)		
12/16/13	DEP.93	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(31.50)		
12/16/13	DEP.93	TOTAL DEPOSIT NO.5 -CREDIT CARD				

MOUNTAIN WATER DISTRICT
General Ledger

Date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
	6759.08	BANK SERVICE FEES EXP (cont.)				
		PAY--CC SURCHARGES		(158.24)		
12/16/13	DEP.93	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(63.51)		
12/31/13	R10 J	BANK FEES		1,259.38		
01/31/14	1.0011	Jan. Services Charges		51.00		
01/31/14	1.0012	TNG Jan. Merchant Fee		5,903.63		
01/31/14	1.0017	Service Charges for Jan.14		18.00		
01/17/14	DEP.00	TOTAL DEPOSIT NO.6		(31.75)		
01/17/14	DEP.00	TOTAL DEPOSIT NO.6		(158.18)		
01/17/14	DEP.00	TOTAL DEPOSIT NO.6		(79.45)		
01/20/14	DEP.05	TOTAL DEPOSIT NO.3		(102.33)		
01/20/14	DEP.05	TOTAL DEPOSIT NO.3		(19.75)		
01/21/14	DEP.12	TOTAL DEPOSIT NO.5		(25.50)		
01/21/14	DEP.12	TOTAL DEPOSIT NO.5		(68.32)		
01/21/14	DEP.12	TOTAL DEPOSIT NO.5		(115.04)		
01/02/14	DEP.15	TOTAL DEPOSIT NO.5-CC		(34.50)		
01/02/14	DEP.15	TOTAL DEPOSIT NO.5-CC		(157.35)		
01/02/14	DEP.15	TOTAL DEPOSIT NO.5-CC		(98.28)		
01/22/14	DEP.19	TOTAL DEPOSIT NO.5		(16.50)		
01/22/14	DEP.19	TOTAL DEPOSIT NO.5		(81.50)		
01/03/14	DEP.23	TOTAL DEPOSIT NO.6-CC		(89.10)		
01/03/14	DEP.24	TOTAL DEPOSIT NO.7		(74.39)		
01/03/14	DEP.25	TOTAL DEPOSIT NO.8		(60.50)		
01/03/14	DEP.25	TOTAL DEPOSIT NO.8		(270.98)		
01/03/14	DEP.25	TOTAL DEPOSIT NO.8		(176.69)		
01/23/14	DEP.26	TOTAL DEPOSIT NO.5		(16.00)		
01/23/14	DEP.26	TOTAL DEPOSIT NO.5		(73.12)		
01/23/14	DEP.26	TOTAL DEPOSIT NO.5		(49.40)		
01/06/14	DEP.33	TOTAL DEPOSIT NO.5-cc		(49.25)		
01/06/14	DEP.33	TOTAL DEPOSIT NO.5-cc		(186.87)		
01/06/14	DEP.33	TOTAL DEPOSIT NO.5-cc		(54.20)		
01/24/14	DEP.33	TOTAL DEPOSIT NO.5		(44.37)		
01/24/14	DEP.34	TOTAL DEPOSIT NO.6		(31.93)		
01/24/14	DEP.35	TOTAL DEPOSIT NO.7		(21.50)		
01/24/14	DEP.35	TOTAL DEPOSIT NO.7		(106.21)		
01/24/14	DEP.35	TOTAL DEPOSIT NO.7		(74.82)		
01/07/14	DEP.41	TOTAL DEPOSIT NO.5--CC FEES		(34.00)		
01/07/14	DEP.41	TOTAL DEPOSIT NO.5--CC SURCHARGES		(151.98)		
01/07/14	DEP.41	TOTAL DEPOSIT NO.5--ONLINE FEE		(73.02)		
01/27/14	DEP.42	TOTAL DEPOSIT NO.6		(21.75)		
01/27/14	DEP.42	TOTAL DEPOSIT NO.6		(101.12)		
01/27/14	DEP.42	TOTAL DEPOSIT NO.6		(38.33)		
01/08/14	DEP.48	TOTAL DEPOSIT NO.5		(32.50)		
01/08/14	DEP.48	TOTAL DEPOSIT NO.5		(132.35)		
01/08/14	DEP.48	TOTAL DEPOSIT NO.5		(107.67)		
01/28/14	DEP.49	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(17.00)		
01/28/14	DEP.49	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(92.19)		
01/28/14	DEP.49	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(46.12)		
01/09/14	DEP.55	TOTAL DEPOSIT NO.5		(29.75)		
01/09/14	DEP.55	TOTAL DEPOSIT NO.5		(79.39)		
01/09/14	DEP.56	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(18.00)		
01/29/14	DEP.56	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(92.86)		

Date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
6759.08 BANK SERVICE FEES EXP (cont.)						
01/29/14	DEP.56	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(36.49)		
01/10/14	DEP.61	TOTAL DEPOSIT NO.4		(48.54)		
01/10/14	DEP.62	TOTAL DEPOSIT NO.5		(1.50)		
01/10/14	DEP.62	TOTAL DEPOSIT NO.5		(48.76)		
01/10/14	DEP.63	TOTAL DEPOSIT NO.6		(37.50)		
01/10/14	DEP.63	TOTAL DEPOSIT NO.6		(151.16)		
01/10/14	DEP.63	TOTAL DEPOSIT NO.6		(97.15)		
01/30/14	DEP.63	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(12.25)		
01/30/14	DEP.63	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(48.68)		
01/30/14	DEP.63	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(60.79)		
01/13/14	DEP.72	TOTAL DEPOSIT NO.7		(30.75)		
01/13/14	DEP.72	TOTAL DEPOSIT NO.7		(151.66)		
01/13/14	DEP.72	TOTAL DEPOSIT NO.7		(56.76)		
01/14/14	DEP.78	TOTAL DEPOSIT NO.4		(14.50)		
01/14/14	DEP.78	TOTAL DEPOSIT NO.4		(58.41)		
01/14/14	DEP.78	TOTAL DEPOSIT NO.4		(52.62)		
01/31/14	DEP.79	TOTAL DEPOSIT NO.13 -CREDIT CARD PAY--CC TRANSACTION FEES		(3.00)		
01/31/14	DEP.79	TOTAL DEPOSIT NO.13 -CREDIT CARD PAY--CC SURCHARGES		(16.34)		
01/31/14	DEP.79	TOTAL DEPOSIT NO.13 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(69.51)		
1/14	DEP.80	TOTAL DEPOSIT NO.14 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(56.39)		
01/31/14	DEP.81	TOTAL DEPOSIT NO.15 CREDIT CARD PAY--CC TRANSACTION FEES		(44.75)		
01/31/14	DEP.81	TOTAL DEPOSIT NO.15 CREDIT CARD PAY--CC SURCHARGES		(194.13)		
01/31/14	DEP.81	TOTAL DEPOSIT NO.15 CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(133.59)		
01/15/14	DEP.86	TOTAL DEPOSIT NO.5		(22.50)		
01/15/14	DEP.86	TOTAL DEPOSIT NO.5		(119.95)		
01/15/14	DEP.86	TOTAL DEPOSIT NO.5		(66.93)		
01/17/14	DEP.97	TOTAL DEPOSIT NO.4		(44.15)		
01/17/14	DEP.98	TOTAL DEPOSIT NO.5		(59.03)		
01/31/14	R9 J	BANK FEES		1,259.38		
02/28/14	1.0010	TNG Merchant Fees for Feb. 2014		6,062.49		
02/28/14	1.0012	Feb. Service Charges		39.00		
02/28/14	1.0015	Maint. fee Refund		(3.00)		
02/28/14	1.0018	Service Charges		18.00		
02/28/14	1.0019	maint. fee for Feb. 14		10.00		
02/20/14	DEP.01	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(26.75)		
02/20/14	DEP.01	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(186.75)		
02/20/14	DEP.01	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(87.88)		
02/21/14	DEP.06	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(28.31)		
02/21/14	DEP.07	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(48.24)		
2/21/14	DEP.08	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(28.50)		
02/21/14	DEP.08	TOTAL DEPOSIT NO.5 -CREDIT CARD				

MOUNTAIN WATER DISTRICT
General Ledger

Date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
	6759.08	BANK SERVICE FEES EXP (cont.)				
		PAY--CC SURCHARGES		(142.92)		
02/21/14	DEP.08	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(103.62)		
02/03/14	DEP.13	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(69.00)		
02/03/14	DEP.13	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--CC SURCHARGES		(288.42)		
02/03/14	DEP.13	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(155.37)		
02/24/14	DEP.15	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(24.50)		
02/24/14	DEP.15	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(131.42)		
02/24/14	DEP.15	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(68.56)		
02/04/14	DEP.21	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(44.50)		
02/04/14	DEP.21	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(207.87)		
02/04/14	DEP.21	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(92.13)		
02/25/14	DEP.21	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(18.25)		
02/25/14	DEP.21	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(117.65)		
02/25/14	DEP.21	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(64.37)		
02/26/14	DEP.27	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(21.75)		
02/26/14	DEP.27	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(134.58)		
02/26/14	DEP.27	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(50.78)		
02/05/14	DEP.32	TOTAL DEPOSIT NO.9 -CREDIT CARD				
		PAY--CC SURCHARGES		(166.71)		
02/05/14	DEP.32	TOTAL DEPOSIT NO.9 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(30.25)		
02/27/14	DEP.32	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(21.50)		
02/27/14	DEP.32	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--CC SURCHARGES		(139.93)		
02/27/14	DEP.32	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(77.33)		
02/28/14	DEP.38	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(66.09)		
02/06/14	DEP.39	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(32.25)		
02/06/14	DEP.39	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(138.91)		
02/06/14	DEP.39	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(69.81)		
02/28/14	DEP.39	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(81.20)		
02/28/14	DEP.40	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(40.75)		
02/28/14	DEP.40	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(201.92)		
02/28/14	DEP.40	TOTAL DEPOSIT NO.6 -CREDIT CARD				

ate	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
		PAY--ONLINE CONVENIENCE FEES		(135.06)		
02/07/14	DEP.45	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(45.15)		
02/07/14	DEP.46	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(76.29)		
02/07/14	DEP.47	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(34.25)		
02/07/14	DEP.47	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(163.18)		
02/07/14	DEP.47	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(107.16)		
02/10/14	DEP.55	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(33.50)		
02/10/14	DEP.55	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(147.70)		
02/10/14	DEP.55	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(78.18)		
02/11/14	DEP.61	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(27.50)		
02/11/14	DEP.61	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(138.68)		
02/11/14	DEP.61	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(72.53)		
02/12/14	DEP.66	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(21.00)		
02/12/14	DEP.66	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--CC SURCHARGES		(113.95)		
02/12/14	DEP.66	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(74.98)		
02/13/14	DEP.70	TOTAL DEPOSIT NO.2 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(13.25)		
02/13/14	DEP.70	TOTAL DEPOSIT NO.2 -CREDIT CARD				
		PAY--CC SURCHARGES		(70.00)		
02/13/14	DEP.70	TOTAL DEPOSIT NO.2 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(53.70)		
02/18/14	DEP.78	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(42.75)		
02/18/14	DEP.78	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(232.81)		
02/18/14	DEP.78	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(74.74)		
02/14/14	DEP.84	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(51.03)		
02/14/14	DEP.86	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(58.23)		
02/14/14	DEP.87	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(77.63)		
02/14/14	DEP.88	TOTAL DEPOSIT NO.8 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(35.50)		
02/14/14	DEP.88	TOTAL DEPOSIT NO.8 -CREDIT CARD				
		PAY--CC SURCHARGES		(168.13)		
02/14/14	DEP.88	TOTAL DEPOSIT NO.8 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(124.16)		
02/19/14	DEP.94	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(31.50)		
02/19/14	DEP.94	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(173.45)		
02/19/14	DEP.94	TOTAL DEPOSIT NO.4 -CREDIT CARD				

MOUNTAIN WATER DISTRICT
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ite	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
		PAY--ONLINE CONVENIENCE FEES		(57.50)		
02/28/14	R9 J	BANK FEES		1,259.38		
03/31/14	1.0005	MARCH-TNG MERCHANT & PROCESSING FEES		6,456.80		
03/31/14	1.0007	MARCH-SERVICE CHARGES RETURNED ITEMS		51.00		
03/21/14	1.0017	MARCH SERVICE CHARGES		18.00		
03/31/14	1.0019	MARCH MAINTENANCE FEE		10.00		
03/18/14	DEP.04	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(15.00)		
03/18/14	DEP.04	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(74.49)		
03/18/14	DEP.04	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(65.54)		
03/19/14	DEP.12	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(17.50)		
03/19/14	DEP.12	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(77.70)		
03/19/14	DEP.12	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(60.72)		
03/03/14	DEP.16	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(58.25)		
03/03/14	DEP.16	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(262.82)		
03/03/14	DEP.16	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(168.71)		
03/14	DEP.18	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(19.50)		
03/20/14	DEP.18	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(88.72)		
03/20/14	DEP.18	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(60.95)		
03/21/14	DEP.24	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(42.53)		
03/21/14	DEP.25	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(36.47)		
03/04/14	DEP.26	TOTAL DEPOSIT NO.9 -CREDIT CARD PAY--CC TRANSACTION FEES		(58.00)		
03/04/14	DEP.26	TOTAL DEPOSIT NO.9 -CREDIT CARD PAY--CC SURCHARGES		(270.66)		
03/04/14	DEP.26	TOTAL DEPOSIT NO.9 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(121.86)		
03/21/14	DEP.26	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(27.75)		
03/21/14	DEP.26	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(151.54)		
03/21/14	DEP.26	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(80.94)		
03/24/14	DEP.32	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(38.50)		
03/24/14	DEP.32	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(217.45)		
03/24/14	DEP.32	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(86.02)		
5/14	DEP.36	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--CC TRANSACTION FEES		(32.75)		
03/05/14	DEP.36	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--CC SURCHARGES		(149.30)		

ate	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
6759.08 BANK SERVICE FEES EXP (cont.)						
03/05/14	DEP.36	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(126.86)		
03/25/14	DEP.40	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(19.00)		
03/25/14	DEP.40	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(93.49)		
03/25/14	DEP.40	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(60.37)		
03/06/14	DEP.44	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(33.00)		
03/06/14	DEP.44	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(177.32)		
03/06/14	DEP.44	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(88.72)		
03/26/14	DEP.47	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(17.25)		
03/26/14	DEP.47	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(97.50)		
03/26/14	DEP.47	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(39.68)		
03/07/14	DEP.52	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(40.76)		
03/07/14	DEP.53	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(59.17)		
03/27/14	DEP.53	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(16.50)		
03/27/14	DEP.53	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(117.32)		
03/27/14	DEP.53	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(47.32)		
03/07/14	DEP.54	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC TRANSACTION FEES		(35.00)		
03/07/14	DEP.54	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC SURCHARGES		(166.92)		
03/07/14	DEP.54	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(144.88)		
03/28/14	DEP.59	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(41.10)		
03/28/14	DEP.60	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(42.94)		
03/10/14	DEP.61	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(30.50)		
03/10/14	DEP.61	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(149.96)		
03/10/14	DEP.61	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(78.38)		
03/28/14	DEP.61	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(22.50)		
03/28/14	DEP.61	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(130.78)		
03/28/14	DEP.61	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(50.45)		
03/11/14	DEP.68	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(25.00)		
03/11/14	DEP.68	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(140.24)		
03/11/14	DEP.68	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(69.88)		

MOUNTAIN WATER DISTRICT
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ite	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
6759.08 BANK SERVICE FEES EXP (cont.)						
03/31/14	DEP.69	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(19.50)		
03/31/14	DEP.69	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(89.96)		
03/31/14	DEP.69	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(57.24)		
03/12/14	DEP.74	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(23.50)		
03/12/14	DEP.74	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(116.15)		
03/12/14	DEP.74	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(83.24)		
03/13/14	DEP.80	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(22.75)		
03/13/14	DEP.80	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(128.38)		
03/13/14	DEP.80	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(112.98)		
03/14/14	DEP.87	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(37.43)		
03/14/14	DEP.88	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(46.06)		
03/14/14	DEP.89	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(33.75)		
03/14/14	DEP.89	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(164.79)		
4/14	DEP.89	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(131.51)		
03/17/14	DEP.96	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(26.00)		
03/17/14	DEP.96	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(131.23)		
03/17/14	DEP.96	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(65.95)		
03/31/14	R 10 J	BANK FEES		1,259.38		
04/30/14	1.0005	APRIL SERVICE CHARGES-RETURNED ITEMS		51.00		
04/30/14	1.0007	APRIL-TNG MERCHANT & PROCESSING FEES		6,723.34		
04/21/14	1.0014	APRIL SERVICE CHARGE		18.00		
04/30/14	1.0015	APRIL MAINTENANCE FEE		10.00		
04/17/14	DEP.05	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(34.09)		
04/17/14	DEP.06	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(42.81)		
04/17/14	DEP.07	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(82.63)		
04/17/14	DEP.10	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--CC TRANSACTION FEES		(26.00)		
04/17/14	DEP.10	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--CC SURCHARGES		(143.05)		
04/17/14	DEP.10	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(56.02)		
04/01/14	DEP.13	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(36.75)		
04/01/14	DEP.13	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(174.80)		
04/01/14	DEP.13	TOTAL DEPOSIT NO.6 -CREDIT CARD				

MOUNTAIN WATER DISTRICT
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date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
		PAY--ONLINE CONVENIENCE FEES		(125.35)		
04/21/14	DEP.18	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(41.25)		
04/21/14	DEP.18	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(200.83)		
04/21/14	DEP.18	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(93.15)		
04/02/14	DEP.21	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(22.75)		
04/02/14	DEP.21	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(103.62)		
04/02/14	DEP.21	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(94.57)		
04/22/14	DEP.27	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(23.50)		
04/22/14	DEP.27	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC SURCHARGES		(99.65)		
04/22/14	DEP.27	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(56.98)		
04/03/14	DEP.30	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(58.50)		
04/03/14	DEP.30	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC SURCHARGES		(229.79)		
04/03/14	DEP.30	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(141.09)		
04/23/14	DEP.34	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(21.50)		
04/23/14	DEP.34	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(92.07)		
04/23/14	DEP.34	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(62.42)		
04/04/14	DEP.39	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(46.94)		
04/04/14	DEP.40	TOTAL DEPOSIT NO.8 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(64.77)		
04/04/14	DEP.41	TOTAL DEPOSIT NO.9 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(41.50)		
04/04/14	DEP.41	TOTAL DEPOSIT NO.9 -CREDIT CARD				
		PAY--CC SURCHARGES		(173.64)		
04/04/14	DEP.41	TOTAL DEPOSIT NO.9 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(112.66)		
04/24/14	DEP.42	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(18.50)		
04/24/14	DEP.42	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(78.91)		
04/24/14	DEP.42	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(52.54)		
04/25/14	DEP.48	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEE		(26.73)		
04/25/14	DEP.49	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(25.67)		
04/07/14	DEP.50	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(40.00)		
04/07/14	DEP.50	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC SURCHARGES		(166.08)		
04/07/14	DEP.50	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(89.49)		
04/25/14	DEP.50	TOTAL DEPOSIT NO.6 -CREDIT CARD				

MOUNTAIN WATER DISTRICT
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ite	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
		PAY--CC TRANSACTION FEES		(25.25)		
04/25/14	DEP.50	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(133.78)		
04/25/14	DEP.50	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(52.58)		
04/08/14	DEP.57	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(30.00)		
04/08/14	DEP.57	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(131.44)		
04/08/14	DEP.57	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(93.08)		
04/28/14	DEP.58	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(20.75)		
04/28/14	DEP.58	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(94.28)		
04/28/14	DEP.58	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(77.70)		
04/09/14	DEP.62	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(23.75)		
04/09/14	DEP.62	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--CC SURCHARGES		(106.44)		
04/09/14	DEP.62	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(67.92)		
04/29/14	DEP.64	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(16.00)		
04/29/14	DEP.64	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(78.72)		
04/29/14	DEP.64	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(49.15)		
04/10/14	DEP.70	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(25.00)		
04/10/14	DEP.70	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(100.98)		
04/10/14	DEP.70	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(52.03)		
04/30/14	DEP.73	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(14.75)		
04/30/14	DEP.73	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(64.48)		
04/30/14	DEP.73	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(74.41)		
04/11/14	DEP.76	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(45.30)		
04/11/14	DEP.77	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(30.49)		
04/11/14	DEP.78	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(27.25)		
04/11/14	DEP.78	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--CC SURCHARGES		(133.11)		
04/11/14	DEP.78	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(98.39)		
04/14/14	DEP.86	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(33.00)		
04/14/14	DEP.86	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--CC SURCHARGES		(146.29)		
04/14/14	DEP.86	TOTAL DEPOSIT NO.7 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(69.05)		
04/15/14	DEP.92	TOTAL DEPOSIT NO.4 -CREDIT CARD				

MOUNTAIN WATER DISTRICT
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date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
	6759.08	BANK SERVICE FEES EXP (cont.)				
		PAY--CC TRANSACTION FEES		(19.25)		
04/15/14	DEP.92	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(87.94)		
04/15/14	DEP.92	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(61.86)		
04/16/14	DEP.98	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(26.00)		
04/16/14	DEP.98	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(120.21)		
04/16/14	DEP.98	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(74.03)		
04/30/14	R10 J	BANK FEES		1,259.38		
05/31/14	1.0005	MAY SERVICE CHARGES-RETURNED ITEMS		48.00		
05/31/14	1.0006	MAY TNG MERCHANT & PROCESSING FEES		5,963.03		
05/21/14	1.0014	MAY SERVICE CHARGE		3.00		
05/31/14	1.0016	MAY MAINTENANCE FEE		10.00		
05/16/14	DEP.00	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(28.83)		
05/16/14	DEP.01	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(33.75)		
05/16/14	DEP.01	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--CC SURCHARGES		(157.70)		
05/16/14	DEP.01	TOTAL DEPOSIT NO.5 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(116.10)		
9/14	DEP.07	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(26.25)		
05/19/14	DEP.07	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(128.08)		
05/19/14	DEP.07	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(71.70)		
05/20/14	DEP.13	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(17.50)		
05/20/14	DEP.13	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(88.50)		
05/20/14	DEP.13	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(76.03)		
05/01/14	DEP.17	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(36.50)		
05/01/14	DEP.17	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(156.23)		
05/01/14	DEP.17	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(115.08)		
05/21/14	DEP.19	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(26.75)		
05/21/14	DEP.19	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--CC SURCHARGES		(140.59)		
05/21/14	DEP.19	TOTAL DEPOSIT NO.4 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(99.16)		
05/22/14	DEP.24	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--CC TRANSACTION FEES		(21.75)		
05/22/14	DEP.24	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--CC SURCHARGES		(86.17)		
2/14	DEP.24	TOTAL DEPOSIT NO.3 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(77.94)		
05/02/14	DEP.25	TOTAL DEPOSIT NO.6 -CREDIT CARD				
		PAY--ONLINE CONVENIENCE FEES		(61.15)		

MOUNTAIN WATER DISTRICT
General Ledger

ate	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
05/02/14	DEP.26	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(52.98)		
05/02/14	DEP.27	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--CC TRANSACTION FEES		(63.25)		
05/02/14	DEP.27	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--CC SURCHARGES		(276.58)		
05/02/14	DEP.27	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(185.15)		
05/23/14	DEP.31	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(23.53)		
05/23/14	DEP.33	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(24.21)		
05/23/14	DEP.34	TOTAL DEPOSIT NO.8 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(24.55)		
05/23/14	DEP.35	TOTAL DEPOSIT NO.9 -CREDIT CARD PAY--CC TRANSACTION FEES		(32.75)		
05/23/14	DEP.35	TOTAL DEPOSIT NO.9 -CREDIT CARD PAY--CC SURCHARGES		(136.29)		
05/23/14	DEP.35	TOTAL DEPOSIT NO.9 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(104.47)		
05/05/14	DEP.39	TOTAL DEPOSIT NO.10 -CREDIT CARD PAY--CC TRANSACTION FEES		(52.00)		
05/05/14	DEP.39	TOTAL DEPOSIT NO.10 -CREDIT CARD PAY--CC SURCHARGES		(217.67)		
05/05/14	DEP.39	TOTAL DEPOSIT NO.10 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(104.25)		
7/14	DEP.43	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(24.25)		
05/27/14	DEP.43	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(129.96)		
05/27/14	DEP.43	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(46.29)		
05/12/14	DEP.46	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(33.00)		
05/12/14	DEP.46	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(149.43)		
05/12/14	DEP.46	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(70.64)		
05/28/14	DEP.49	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(24.50)		
05/28/14	DEP.49	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(159.52)		
05/28/14	DEP.49	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(72.67)		
05/06/14	DEP.54	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(35.25)		
05/06/14	DEP.54	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(149.28)		
05/06/14	DEP.54	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(109.10)		
05/29/14	DEP.54	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--CC TRANSACTION FEES		(21.75)		
05/29/14	DEP.54	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--CC SURCHARGES		(115.09)		
9/14	DEP.54	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(66.97)		
05/30/14	DEP.61	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(38.07)		

MOUNTAIN WATER DISTRICT
General Ledger

ate	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
05/07/14	DEP.62	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(26.25)		
05/07/14	DEP.62	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(116.24)		
05/07/14	DEP.62	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(68.80)		
05/30/14	DEP.62	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(47.32)		
05/30/14	DEP.63	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC TRANSACTION FEES		(58.00)		
05/30/14	DEP.63	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC SURCHARGES		(258.94)		
05/30/14	DEP.63	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(139.13)		
05/08/14	DEP.69	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(26.25)		
05/08/14	DEP.69	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(124.54)		
05/08/14	DEP.69	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(67.98)		
05/09/14	DEP.75	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(33.20)		
05/09/14	DEP.76	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(34.65)		
05/09/14	DEP.77	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(40.25)		
05/09/14	DEP.77	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(192.50)		
05/09/14	DEP.77	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(91.91)		
05/13/14	DEP.82	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--CC TRANSACTION FEES		(21.50)		
05/13/14	DEP.82	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--CC SURCHARGES		(137.97)		
05/13/14	DEP.82	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(59.97)		
05/14/14	DEP.88	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(20.25)		
05/14/14	DEP.88	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(104.38)		
05/14/14	DEP.88	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(53.54)		
05/15/14	DEP.93	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--CC TRANSACTION FEES		(21.25)		
05/15/14	DEP.93	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--CC SURCHARGES		(105.82)		
05/15/14	DEP.93	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(59.28)		
05/16/14	DEP.98	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(44.29)		
05/31/14	R9 J	BANK FEES		1,259.38		
06/05/14	1.0002	SERVICE CHARGE-RETURNED ITEM		3.00		
06/05/14	1.0004	MAINTENANCE FEE-PRIOR CYCLE RECOVERY		10.00		
06/05/14	1.0005	JUNE MAINTENANCE FEE		10.00		
06/05/14	1.0006	OVERDRAFT FEE		30.00		
06/30/14	1.0013	JUNE SERVICE CHARGES-RETURNED ITEMS		54.00		

MOUNTAIN WATER DISTRICT
General Ledger

ate	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
		6759.08 BANK SERVICE FEES EXP (cont.)				
06/30/14	1.0014	JUNE-TNG MERCHANT & PROCESSING FEES		6,920.64		
06/23/14	1.0022	JUNE SERVICE CHARGE		3.00		
06/30/14	1.0025	JUNE MAINTENANCE FEE		10.00		
06/18/14	DEP.04	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--CC TRANSACTION FEES		(27.50)		
06/18/14	DEP.04	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--CC SURCHARGES		(128.33)		
06/18/14	DEP.04	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(60.83)		
06/19/14	DEP.11	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(30.25)		
06/19/14	DEP.11	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(148.28)		
06/19/14	DEP.11	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(74.28)		
06/20/14	DEP.17	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(22.04)		
06/02/14	DEP.18	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(39.50)		
06/02/14	DEP.18	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(184.69)		
06/02/14	DEP.18	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(111.62)		
06/20/14	DEP.18	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(22.22)		
06/20/14	DEP.19	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(34.25)		
06/20/14	DEP.19	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(207.31)		
06/20/14	DEP.19	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(125.05)		
06/03/14	DEP.25	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(51.00)		
06/03/14	DEP.25	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(213.30)		
06/03/14	DEP.25	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(126.16)		
06/23/14	DEP.28	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(21.75)		
06/23/14	DEP.28	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(180.04)		
06/23/14	DEP.28	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(57.85)		
06/04/14	DEP.31	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(36.50)		
06/04/14	DEP.31	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(146.18)		
06/04/14	DEP.31	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(93.18)		
06/24/14	DEP.37	TOTAL DEPOSIT NO.6--CC TRANSACTION FEES		(16.25)		
06/24/14	DEP.37	TOTAL DEPOSIT NO.6--CC SURCHARGES		(84.71)		
06/24/14	DEP.37	TOTAL DEPOSIT NO.6--ONLINE CONVENIENCE FEES		(51.98)		
06/05/14	DEP.38	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(31.25)		

MOUNTAIN WATER DISTRICT
General Ledger

ite	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
6759.08 BANK SERVICE FEES EXP (cont.)						
06/05/14	DEP.38	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(121.42)		
06/05/14	DEP.38	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(75.99)		
06/25/14	DEP.43	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(18.75)		
06/25/14	DEP.43	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(80.88)		
06/25/14	DEP.43	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(73.68)		
06/06/14	DEP.46	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(50.66)		
06/06/14	DEP.47	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(46.44)		
06/06/14	DEP.48	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC TRANSACTION FEES		(38.50)		
06/06/14	DEP.48	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC SURCHARGES		(189.96)		
06/06/14	DEP.48	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(113.45)		
06/26/14	DEP.50	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(14.75)		
06/26/14	DEP.50	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(87.80)		
06/26/14	DEP.50	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(48.51)		
06/09/14	DEP.56	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(43.59)		
06/09/14	DEP.57	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC TRANSACTION FEES		(42.75)		
06/09/14	DEP.57	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC SURCHARGES		(197.91)		
06/09/14	DEP.57	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(90.48)		
06/27/14	DEP.57	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(39.43)		
06/27/14	DEP.58	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(22.25)		
06/27/14	DEP.58	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(125.84)		
06/27/14	DEP.58	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(68.44)		
06/10/14	DEP.64	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC TRANSACTION FEES		(25.00)		
06/10/14	DEP.64	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--CC SURCHARGES		(111.60)		
06/10/14	DEP.64	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(67.41)		
06/30/14	DEP.66	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(22.75)		
06/30/14	DEP.66	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(119.46)		
06/30/14	DEP.66	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(97.45)		
06/11/14	DEP.72	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC TRANSACTION FEES		(22.00)		
06/11/14	DEP.72	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--CC SURCHARGES		(104.26)		

MOUNTAIN WATER DISTRICT
General Ledger

ate	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
6759.08 BANK SERVICE FEES EXP (cont.)						
06/11/14	DEP.72	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(83.25)		
06/12/14	DEP.78	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(23.25)		
06/12/14	DEP.78	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(112.30)		
06/12/14	DEP.78	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(69.09)		
06/13/14	DEP.85	TOTAL DEPOSIT NO.5 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(60.56)		
06/13/14	DEP.86	TOTAL DEPOSIT NO.6 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(52.78)		
06/13/14	DEP.87	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC TRANSACTION FEES		(29.50)		
06/13/14	DEP.87	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--CC SURCHARGES		(164.55)		
06/13/14	DEP.87	TOTAL DEPOSIT NO.7 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(117.31)		
06/16/14	DEP.93	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC TRANSACTION FEES		(26.50)		
06/16/14	DEP.93	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--CC SURCHARGES		(117.28)		
06/16/14	DEP.93	TOTAL DEPOSIT NO.4 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(80.71)		
06/17/14	DEP.98	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--CC TRANSACTION FEES		(15.75)		
7/14	DEP.98	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--CC SURCHARGES		(84.41)		
06/17/14	DEP.98	TOTAL DEPOSIT NO.3 -CREDIT CARD PAY--ONLINE CONVENIENCE FEES		(71.82)		
06/30/14	R52 J	BANK FEES		(13,888.59)		
06/30/14	R6 J	TO RECORD DEPOSITS IN REGIONS		(450.00)		
06/30/14	R7 J	TO RECORD DISBURSEMENTS IN REGIONS		7,768.75		
06/30/14	R7 J	TO RECORD DISBURSEMENTS IN REGIONS		7,556.25		
06/30/14	R7 J	TO RECORD DISBURSEMENTS IN REGIONS		450.00		
02/28/10	ctbpr B	BANK ERROR CK 139		1.00		
02/28/10	ctbpr B	CORRECT BANK ERROR,CK 139		(1.00)		
03/31/10	ctbpr B	CORRECTION FROM BANK CK 139		(1.00)		
06/30/14	ctbpr B			1.00		
				<u>23,858.20</u>		<u>41,335.93</u>
6800.00 Retirement Expense			11,027.31			
07/15/13	P89	Payroll Journal Entry		860.53		
07/31/13	P89	Payroll Journal Entry		860.53		
08/15/13	P89	Payroll Journal Entry		860.53		
08/31/13	P89.1	Payroll Journal Entry		860.53		
09/13/13	P89	Payroll Journal Entry		860.53		
09/30/13	P89.1	Payroll Journal Entry		860.53		
10/15/13	P89	Payroll Journal Entry		860.53		
10/30/13	P89	Payroll Journal Entry		860.53		
5/13	P89	Payroll Journal Entry		860.53		
27/13	P89	Payroll Journal Entry		860.53		
12/15/13	P89	Payroll Journal Entry		860.53		
12/15/13	P89.1	Payroll Journal Entry		(420.00)		



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

16325 1 MB 0.405
 016325/000001/310901/A3P0041CPIN002/16331/0003/104055 081 01 000000
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 7

THIS IS NOT A BILL

Statement Period	11/01/13 - 11/30/13
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 5	Total Amount Submitted	\$181,306.64
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 6	Adjustments	0.00
Page 6	Fees Charged	<u>-\$5,051.52</u>
	Total Amount Funded to Your Bank	\$176,255.12

See page 2 for Key Definition of Terms

All amounts shown are in U.S. funds
 Amount Submitted - Third Party) + Chargebacks/Reversals + Adjustments + Fees Charged = Amount Funded

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

Please review your merchant statements for accuracy. Errors must be reported to your Merchant Services Representative within 30 days of the statement date. Requests for refunds or adjustments will not be accepted after 30 days.

As indicated in the letter you received, you have been pre-enrolled in the Moneris PCI Compliance Program with our partner, Trustwave. The monthly compliance fee of \$6.95 will be charged as billing line item PCI DSS COMPLIANCE ADMIN FEE. To complete and maintain your validation or to learn more about the program, please visit <https://pci.trustwave.com/moneris>. If you do not successfully complete and maintain your validation you will be assessed a non-compliance fee of \$19.95 per month as billing line item PCI DSS NON-COMPLIANCE.

Effective October 21, 2013, MasterCard is implementing a new transaction fee. The CVC 2 Transaction fee of \$0.0025 will apply to all card validation code 2 (CVC 2) transactions acquired in the U.S. region. This new fee will be implemented on

YOUR CARD PROCESSING STATEMENT

Merchant Number [REDACTED]
Customer Service Phone - 1-800-471-9511

Page 3 of 7

Statement Period 11/01/13 - 11/30/13

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT (continued)

October 21, 2013 and will amend your agreement and be reflected on your October statement. For more information on this new fee, please visit the MasterCard tab at www.monerisusa.com/paymentnetworkfees.

Discover is implementing a new fee. The Network Authorization Fee of \$0.0025 will be assessed for each authorization request sent to the Discover network. This new fee will be implemented in October and will amend your agreement and be reflected on your October statement. For more information on this new fee, please visit the Discover tab at www.monerisusa.com/paymentnetworkfees.

Visa is adding some new interchange programs effective October 18, 2013. These new interchange programs will be implemented in October and will amend your agreement and be reflected on your October statement. For more information on these new interchange programs and new updates from Visa, please visit the Visa tab at www.monerisusa.com/paymentnetworkfees.

MasterCard is adding certain fees effective October 18, 2013. These new fees will be implemented in October and will amend your agreement and be reflected on your October statement. For more information on these new fees and new updates from MasterCard, please visit the MasterCard tab at www.monerisusa.com/paymentnetworkfees.

For updates from Discover, please visit the Discover tab at www.monerisusa.com/paymentnetworkfees.

YOUR IMMEDIATE ACTION IS REQUIRED - As mandated by the IRS, back-up withholding from your merchant funding may occur if you do not validate your Taxpayer Identification Number (TIN) and/or Tax Filing Name (TFN). Please refer to the correspondence we previously sent because it outlines the parameters of the IRS mandate and identifies the immediate action required by you. If you have misplaced or haven't received our correspondence, please contact us immediately at 800-471-9511.

A SPECIAL MESSAGE from your Payment Specialist, Robert Mohon --
THINK BEFORE YOU CLICK! We will *never* send you an email with links or attachments to ask for any sensitive information. This includes usernames, passwords, bank account info, mother's maiden name, date of birth, last four of your social security number, and other sensitive info. The FBI Cybercrimes Unit advises use of different passwords for each account you use. No dictionary words or names. Use upper and lower-case. Include special characters, too. Keep your real date of birth, mother's maiden name, and your whereabouts off Facebook. Use of tools like multi-factor authentication help protect you from hackers. Read more at <http://www.fbi.gov/about-us/investigate/cyber>
Turn your incoming, online banking billpay checks into automatic direct deposits. Learn more at www.PainFreeChecks.com
Are you considering changing software or hardware? You can easily adjust your account to your changing business needs. Call Robert at 615-591-5933 or email Robert.Mohon@TheNeilGroup.com to talk.
When you refer a new Client who joins us I'll send a gift card as a token of my thanks to you.
At this special time of year, we are grateful for the privilege of working with you. THANK YOU.

Effective January 27, 2013 MasterCard will revise its standards and practices regarding the ability of merchants in the U.S. region and U.S. territories to apply an extra fee, a brand-level surcharge, to all customers who pay with MasterCard credit cards. For more information on MasterCard's revised rules, please visit www.monerisusa.com/paymentnetworkfees.

Effective January 27, 2013 Visa will allow U.S. merchants to surcharge Visa Credit card transactions (not debit or pre-paid card transactions) at the Visa "brand level" or at the "product level". For more information on Visa's revised rules, please visit www.monerisusa.com/paymentnetworkfees.

YOUR CARD PROCESSING STATEMENT

Merchant Number XXXXXXXXXX
 Customer Service Phone - 1-800-471-9511

Statement Period 11/01/13 - 11/30/13

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted	MasterCard	Visa	Discover	Total Submitted
11/01/13		\$354.05	\$4,913.20	0.00	\$5,267.25
11/02/13		\$6,929.50	\$14,915.05	\$59.29	\$21,903.84
11/03/13		\$367.82	\$2,001.96	0.00	\$2,369.78
11/04/13		\$164.69	\$1,957.02	0.00	\$2,121.71
11/05/13		\$3,570.55	\$11,308.79	\$131.24	\$15,010.58
11/06/13		\$1,747.34	\$8,032.54	\$91.59	\$9,871.47
11/07/13		\$1,345.50	\$6,599.61	\$61.50	\$8,006.61
11/08/13		\$1,205.13	\$4,785.80	0.00	\$5,990.93
11/09/13		\$645.75	\$8,329.18	0.00	\$8,974.93
11/10/13		\$259.61	\$1,467.59	0.00	\$1,727.20
11/11/13		\$196.11	\$1,236.28	0.00	\$1,432.39
11/12/13		\$303.79	\$1,691.16	0.00	\$1,994.95
11/13/13		\$1,224.58	\$6,310.82	0.00	\$7,535.40
11/14/13		\$892.71	\$6,946.43	0.00	\$7,839.14
11/15/13		\$599.24	\$5,600.27	\$25.25	\$6,224.76
11/16/13		\$1,096.13	\$8,878.94	0.00	\$9,975.07
11/17/13		\$75.82	\$1,801.41	0.00	\$1,877.23
11/18/13		\$177.43	\$732.64	0.00	\$910.07
11/19/13		\$713.63	\$8,198.20	\$128.07	\$9,039.90
11/20/13		\$1,047.00	\$7,622.85	\$162.03	\$8,831.88
11/21/13		\$1,928.31	\$5,828.79	0.00	\$7,757.10
11/22/13		\$1,002.77	\$6,234.78	0.00	\$7,237.55
11/23/13		\$1,190.60	\$7,658.31	0.00	\$8,848.91
11/24/13		\$123.41	\$1,286.78	0.00	\$1,410.19
11/25/13		0.00	\$1,028.58	0.00	\$1,028.58
11/26/13		\$379.64	\$4,973.45	\$30.93	\$5,384.02
11/27/13		\$305.84	\$3,834.35	0.00	\$4,140.19
11/28/13		\$556.32	\$3,290.82	\$75.69	\$3,922.83
11/29/13		0.00	\$974.29	0.00	\$974.29
11/30/13		\$752.85	\$2,945.04	0.00	\$3,697.89
Sub Totals		\$29,156.12	\$151,384.93	\$765.59	\$181,306.64
Total					\$181,306.64



Date	Description	Amount
	No Third Party Transactions for this Statement Period	0.00
Total		

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
No Chargebacks/Reversals for this Statement Period				0.00
Total				



YOUR CARD PROCESSING STATEMENT

Page 7 of 7

Statement Period 11/01/13 - 11/30/13

Merchant Number [REDACTED]
Customer Service Phone - 1-800-471-9511

Month
October

Description
GROSS REPORTABLE SALES-TIN#####8805
2013 YTD Gross Reportable Sales

Total
\$202,769.10
\$2,003,761.97



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

16326 1 MB 0.405
 016326/000001/310901/A3P0041CPIN002/16332/0003/104063 081 01 000000
 MOUNTAIN WATER DISTRICT
 ATTN: KEVIN LOWE
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 4	THIS IS NOT A BILL
Statement Period	11/01/13 - 11/30/13
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 4	Total Amount Submitted	0.00
Page 4	Third Party Transactions	0.00
Page 4	Chargebacks/Reversals	0.00
Page 4	Adjustments	0.00
Page 4	Fees Charged	-\$10.00
Total Amount Funded to Your Bank		-\$10.00

See page 2 for Key Definition of Terms

All amounts shown are in U.S. funds
 (Amount Submitted - Third Party) + Chargebacks/Reversals + Adjustments + Fees Charged = Amount Funded

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

YOUR CARD PROCESSING STATEMENT

Statement Period

11/01/13 - 11/30/13

Merchant Number [REDACTED]
 Customer Service Phone - 1-800-471-9511

(Total Sales You Submitted - Refunds = Total Amount You Submitted)

Card Type	Average Ticket	Total Gross Sales You Submitted		Refunds		Total Amount You Submitted	
		Items	Amount	Items	Amount	Items	Amount
No Products for this Statement Period							
Total		0	0.00	0	0.00	0	0.00

Amount Submitted - Third Party) + Chargebacks/Reversals + Adjustments + Fees Charged = Amount Funded

Date Submitted	Batch Number	Submitted Amount	Third Party Transactions	Chargebacks/Reversals	Adjustments	Fees Charged*	Date Funded	Funded Amount
11/30/13		0.00	0.00	0.00	0.00	-\$10.00		-\$10.00
Total		0.00	0.00	0.00	0.00	-\$10.00		-\$10.00

*Certain fees and charges may relate to a prior period



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

16524 1 MB 0 405
 016524000001/300014/A3P0041CPIN002/16531/0003/105641 080 01 000000
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 7	THIS IS NOT A BILL
Statement Period	10/01/13 - 10/31/13
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 5	Total Amount Submitted	\$202,769.10
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 6	Adjustments	0.00
Page 6	Fees Charged	-\$5,629.23
Total Amount Funded to Your Bank		\$197,139.87

See page 2 for Key Definition of Terms

All amounts shown are in U.S. funds
 (Amount Submitted - Third Party) + Chargebacks/Reversals + Adjustments - Fees Charged = Amount Funded

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

Please review your merchant statements for accuracy. Errors must be reported to your Merchant Services Representative within 30 days of the statement date. Requests for refunds or adjustments will not be accepted after 30 days.

Effective October 21, 2013, MasterCard is implementing a new transaction fee. The CVC 2 Transaction fee of \$0.0025 will apply to all card validation code 2 (CVC 2) transactions acquired in the U.S. region. This new fee will be implemented on October 21, 2013 and will amend your agreement and be reflected on your October statement. For more information on this new fee, please visit the MasterCard tab at www.monerisusa.com/paymentnetworkfees.

Discover is implementing a new fee. The Network Authorization Fee of \$0.0025 will be assessed for each authorization request sent to the Discover network. This new fee will be implemented in October and will amend your agreement and be reflected on your October statement. For more information on this new fee, please visit the Discover tab at www.monerisusa.com/paymentnetworkfees.

YOUR CARD PROCESSING STATEMENT

Merchant Number [REDACTED]
Customer Service Phone - 1-800-471-9511

Page 3 of 7

Statement Period

10/01/13 - 10/31/13

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT (continued)

Visa is adding some new interchange programs effective October 18, 2013. These new interchange programs will be implemented in October and will amend your agreement and be reflected on your October statement. For more information on these new interchange programs and new updates from Visa, please visit the Visa tab at www.monerisusa.com/paymentnetworkfees.

MasterCard is adding certain fees effective October 18, 2013. These new fees will be implemented in October and will amend your agreement and be reflected on your October statement. For more information on these new fees and new updates from MasterCard, please visit the MasterCard tab at www.monerisusa.com/paymentnetworkfees.

For updates from Discover, please visit the Discover tab at www.monerisusa.com/paymentnetworkfees.

A SPECIAL MESSAGE TO YOU from your Payment Specialist, Robert Mohon --

REFER A FRIEND and receive a gift card. When you refer a new Client who joins us I'll send a gift card as a token of my thanks to you.

Turn your incoming, online banking billpay checks into automatic direct deposits. Learn more at www.PainFreeChecks.com

Are you considering changing software or hardware? You can easily adjust your account to your changing business needs. Call Robert at 615-591-5933 or email at Robert.Mohon@TheNeilGroup.com.

PCI Compliance means safety for your customers. Don't hesitate to ask if you need help with yours.

At this special time of year, we are grateful for the privilege of working with you. Thank you.

Effective January 27, 2013 MasterCard will revise its standards and practices regarding the ability of merchants in the U.S. region and U.S. territories to apply an extra fee, a brand-level surcharge, to all customers who pay with MasterCard credit cards. For more information on MasterCard's revised rules, please visit www.monerisusa.com/paymentnetworkfees.

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YOUR CARD PROCESSING STATEMENT



Merchant Number [REDACTED]
 Customer Service Phone - 1-800-471-9511

Statement Period

10/01/13 - 10/31/13

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted	MasterCard	Visa	Discover	Total Submitted
10/01/13		\$1,005.47	\$6,718.30	\$2.13	\$7,725.90
10/02/13		\$5,067.82	\$10,323.95	\$30.94	\$15,422.71
10/03/13		\$1,307.43	\$6,245.94	0.00	\$7,553.37
10/04/13		\$3,474.89	\$9,987.50	\$35.66	\$13,498.05
10/05/13		\$2,056.52	\$11,016.05	\$21.94	\$13,094.51
10/06/13		\$437.56	\$2,238.55	0.00	\$2,676.11
10/07/13		\$105.95	\$1,405.95	\$21.34	\$1,533.24
10/08/13		\$1,568.04	\$9,492.29	\$68.36	\$11,128.69
10/09/13		\$1,418.27	\$6,744.27	0.00	\$8,162.54
10/10/13		\$834.39	\$5,547.42	\$172.13	\$6,553.94
10/11/13		\$1,230.25	\$6,060.99	0.00	\$7,291.24
10/12/13		\$1,099.41	\$8,135.31	0.00	\$9,234.72
10/13/13		\$64.83	\$1,692.95	0.00	\$1,757.78
10/14/13		\$189.73	\$1,506.32	0.00	\$1,696.05
10/15/13		\$699.52	\$7,219.95	\$171.17	\$8,090.64
10/16/13		\$608.57	\$5,316.79	0.00	\$5,925.36
10/17/13		\$1,759.01	\$7,558.79	\$22.96	\$9,340.76
10/18/13		\$756.11	\$6,224.88	0.00	\$6,980.99
10/19/13		\$1,681.08	\$9,300.73	0.00	\$10,981.81
10/20/13		\$214.07	\$1,053.45	0.00	\$1,267.52
10/21/13		\$74.48	\$1,732.34	0.00	\$1,806.82
10/22/13		\$1,268.10	\$6,832.73	\$21.34	\$8,122.17
10/23/13		\$592.60	\$4,521.69	\$120.41	\$5,234.70
10/24/13		\$963.51	\$5,586.39	\$112.97	\$6,662.87
10/25/13		\$877.53	\$5,478.39	0.00	\$6,355.92
10/26/13		\$588.91	\$5,053.73	0.00	\$5,642.64
10/27/13		\$20.63	\$650.96	0.00	\$671.59
10/28/13		\$131.41	\$739.85	\$25.73	\$896.99
10/29/13		\$364.25	\$7,072.80	\$301.27	\$7,738.32
10/30/13		\$715.03	\$4,636.70	\$27.04	\$5,378.77
10/31/13		\$623.23	\$3,719.15	0.00	\$4,342.38
Sub Totals		\$31,798.60	\$169,815.11	\$1,155.39	\$202,769.10
					\$202,769.10

Total



Date	Description	Amount
	No Third Party Transactions for this Statement Period	0.00
Total		

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
No Chargebacks/Reversals for this Statement Period				0.00
Total				

YOUR CARD PROCESSING STATEMENT

Page 7 of 7

Statement Period 10/01/13 - 10/31/13

Merchant Number [REDACTED]
Customer Service Phone - 1-800-471-9511

Month	Description	Total
September	GROSS REPORTABLE SALES-TIN#####8805	\$178,864.93
	2013 YTD Gross Reportable Sales	\$1,800,992.87



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

16988 1 MB 0.405
 016988/000001/288554/A3P0041CPIN002/16993/0003/107721 082 01 000000
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 7	THIS IS NOT A BILL
Statement Period	09/01/13 - 09/30/13
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 5	Total Amount Submitted	\$178,673.67
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 6	Adjustments	0.00
Page 6	Fees Charged	-\$4,972.61
Total Amount Funded to Your Bank		\$173,701.06

See page 2 for Key Definition of Terms

All amounts shown are in U.S. funds
 (Amount Submitted - Third Party) + Chargebacks/Reversals + Adjustments + Fees Charged = Amount Funded

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

Please review your merchant statements for accuracy. Errors must be reported to your Merchant Services Representative within 30 days of the statement date. Requests for refunds or adjustments will not be accepted after 30 days.

As indicated in the letter you received, you have been pre-enrolled in the Moneris PCI Compliance Program with our partner, Trustwave. The monthly compliance fee of \$6.95 will be charged as billing line item PCI DSS COMPLIANCE ADMIN FEE. To complete and maintain your validation or to learn more about the program, please visit <https://pci.trustwave.com/moneris>. If you do not successfully complete and maintain your validation you will be assessed a non-compliance fee of \$19.95 per month as billing line item PCI DSS NON-COMPLIANCE.

Effective October 21, 2013, MasterCard is implementing a new transaction fee. The CVC 2 Transaction fee of \$0.0025 will apply to all card validation code 2 (CVC 2) transactions acquired in the U.S. region. This new fee will be implemented on

YOUR CARD PROCESSING STATEMENT

Merchant Number [REDACTED]
Customer Service Phone - 1-800-471-9511

Page 3 of 7

Statement Period 09/01/13 - 09/30/13

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT (continued)

October 21, 2013 and will amend your agreement and be reflected on your October statement. For more information on this new fee, please visit the MasterCard tab at www.monerisusa.com/paymentnetworkfees.

Discover is implementing a new fee. The Network Authorization Fee of \$0.0025 will be assessed for each authorization request sent to the Discover network. This new fee will be implemented in October and will amend your agreement and be reflected on your October statement. For more information on this new fee, please visit the Discover tab at www.monerisusa.com/paymentnetworkfees.

Visa is adding some new interchange programs effective October 18, 2013. These new interchange programs will be implemented in October and will amend your agreement and be reflected on your October statement. For more information on these new interchange programs and new updates from Visa, please visit the Visa tab at www.monerisusa.com/paymentnetworkfees.

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A SPECIAL MESSAGE TO YOU from Robert Mohon:

NEW PAY BY PHONE SERVICE: Are you getting a lot of over-the-phone customer payments? Wouldn't it be nice to automate that? Learn more at www.TheNeilGroup.com/paybyphone or email Robert.Mohon@TheNeilGroup.com

REFER A FRIEND and receive a gift card. When you refer someone who signs up for our services, I'll send you a gift card. YOUR referral is the ultimate compliment.

PCI Compliance means safety for your office and your customers. Please ask if you need some help with it. I appreciate working with you and your staff to enable your customers to pay you quickly and securely. THANK YOU for being an important part of our Family.

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YOUR CARD PROCESSING STATEMENT

Merchant Number XXXXXXXXXX
 Customer Service Phone - 1-800-471-9511

Page 5 of 7

Statement Period 09/01/13 - 09/30/13

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted	MasterCard	Visa	Discover	Total Submitted
09/01/13		\$305.55	\$1,780.45	\$55.46	\$2,141.46
09/02/13		\$154.50	\$1,265.85	0.00	\$1,420.35
09/03/13		\$149.46	\$2,161.31	0.00	\$2,310.77
09/04/13		\$4,342.74	\$14,481.99	\$102.53	\$18,927.26
09/05/13		\$1,536.94	\$7,502.09	\$68.55	\$9,107.58
09/06/13		\$1,909.43	\$8,178.24	\$21.34	\$10,109.01
09/07/13		\$1,081.08	\$8,681.35	\$125.27	\$9,887.70
09/08/13		\$78.12	\$1,479.93	0.00	\$1,558.05
09/09/13		\$244.44	\$1,206.40	\$35.66	\$1,486.50
09/10/13		\$955.81	\$7,023.47	0.00	\$7,979.28
09/11/13		\$877.60	\$7,225.71	\$42.17	\$8,145.48
09/12/13		\$945.11	\$5,523.53	\$21.34	\$6,489.98
09/13/13		\$707.59	\$4,192.92	0.00	\$4,900.51
09/14/13		\$817.15	\$7,646.91	\$511.57	\$8,975.63
09/15/13		\$54.24	\$1,819.79	\$21.34	\$1,895.37
09/16/13		\$51.93	\$2,001.11	0.00	\$2,053.04
09/17/13		\$1,000.85	\$8,012.91	0.00	\$9,013.76
09/18/13		\$521.20	\$5,087.70	0.00	\$5,608.90
09/19/13		\$421.69	\$4,751.86	0.00	\$5,173.55
09/20/13		\$455.04	\$3,950.56	\$30.36	\$4,435.96
09/21/13		\$1,119.88	\$9,844.34	\$63.43	\$11,027.65
09/22/13		\$215.65	\$1,415.43	\$21.34	\$1,652.42
09/23/13		\$184.27	\$1,412.85	0.00	\$1,597.12
09/24/13		\$1,248.81	\$9,710.84	\$654.27	\$11,613.92
09/25/13		\$512.05	\$5,134.54	\$21.34	\$5,667.93
09/26/13		\$697.18	\$5,145.23	0.00	\$5,842.41
09/27/13		\$679.16	\$6,338.89	\$100.72	\$7,118.77
09/28/13		\$1,526.77	\$8,417.19	\$65.11	\$10,009.07
09/29/13		\$114.09	\$1,366.80	\$104.90	\$1,585.79
09/30/13		\$95.58	\$842.87	0.00	\$938.45
Sub Totals		\$23,003.91	\$153,603.06	\$2,066.70	\$178,673.67
Total					\$178,673.67



Date	Description	Amount
	No Third Party Transactions for this Statement Period	
Total		0.00

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
		No Chargebacks/Reversals for this Statement Period		
Total				0.00



YOUR CARD PROCESSING STATEMENT

Page 7 of 7

Merchant Number [REDACTED]
Customer Service Phone - 1-800-471-9511

Statement Period 09/01/13 - 09/30/13

Month	Description	Total
August	GROSS REPORTABLE SALES-TIN#####8805	\$219,392.83
	2013 YTD Gross Reportable Sales	\$1,622,127.94



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

16955 1 MB 0 405
 016955/000001/279968/A3P0041CPIN002/16963/0003/108091 083 01 000000
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 7

THIS IS NOT A BILL

Statement Period 08/01/13 - 08/31/13

Merchant Number

Customer Service Phone - 1-800-471-9511



Page 5	Total Amount Submitted	\$219,350.52
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 6	Adjustments	0.00
Page 6	Fees Charged	<u>-\$6,046.22</u>
	Total Amount Funded to Your Bank	\$213,304.30

See page 2 for Key Definition of Terms

All amounts shown are in U.S. funds

Amount Submitted - Third Party) + Chargebacks/Reversals + Adjustments + Fees Charged = Amount Funded

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

Please review your merchant statements for accuracy. Errors must be reported to your Merchant Services Representative within 30 days of the statement date. Requests for refunds or adjustments will not be accepted after 30 days.

As indicated in the letter you received, you have been pre-enrolled in the Moneris PCI Compliance Program with our partner, Trustwave. The monthly compliance fee of \$6.95 will be charged as billing line item PCI DSS COMPLIANCE ADMIN FEE. To complete and maintain your validation or to learn more about the program, please visit <https://pci.trustwave.com/moneris>. If you do not successfully complete and maintain your validation you will be assessed a non-compliance fee of \$19.95 per month as billing line item PCI DSS NON-COMPLIANCE.

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YOUR CARD PROCESSING STATEMENT

Page 3 of 7

Statement Period

08/01/13 - 08/31/13

Merchant Number

Customer Service

Phone - 1-800-471-9511

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT (continued)

October 21, 2013 and will amend your agreement and be reflected on your October statement. For more information on this new fee, please visit the MasterCard tab at www.monerisusa.com/paymentnetworkfees.

Discover is implementing a new fee. The Network Authorization Fee of \$0.0025 will be assessed for each authorization request sent to the Discover network. This new fee will be implemented in October and will amend your agreement and be reflected on your October statement. For more information on this new fee, please visit the Discover tab at www.monerisusa.com/paymentnetworkfees.

Visa is adding some new interchange programs effective October 18, 2013. These new interchange programs will be implemented in October and will amend your agreement and be reflected on your October statement. For more information on these new interchange programs and new updates from Visa, please visit the Visa tab at www.monerisusa.com/paymentnetworkfees.

MasterCard is adding certain fees effective October 18, 2013. These new fees will be implemented in October and will amend your agreement and be reflected on your October statement. For more information on these new fees and new updates from MasterCard, please visit the MasterCard tab at www.monerisusa.com/paymentnetworkfees.

For updates from Discover, please visit the Discover tab at www.monerisusa.com/paymentnetworkfees.

SPECIAL MESSAGE TO YOU from Robert Mohon:

THANK YOU for being an important part of our Family. The Neil Group Team works hard to give you the best payment processing services.

REFER A FRIEND and receive a gift card. When you refer a new Client who joins us I'll send you a gift card. I would love to work with more people like you! I'm glad to help you or others you know in any way I can.

REMINDER - PCI Compliance means safety for your office and your customers. Please ask if you need some help with it. How are we doing? Let me hear from you- Robert.Mohon@TheNeilGroup.com.

Effective January 27, 2013 MasterCard will revise its standards and practices regarding the ability of merchants in the U.S. region and U.S. territories to apply an extra fee, a brand-level surcharge, to all customers who pay with MasterCard credit cards. For more information on MasterCard's revised rules, please visit www.monerisusa.com/paymentnetworkfees.

Effective January 27, 2013 Visa will allow U.S. merchants to surcharge Visa Credit card transactions (not debit or pre-paid card transactions) at the Visa "brand level" or at the "product level". For more information on Visa's revised rules, please visit www.monerisusa.com/paymentnetworkfees.

YOUR CARD PROCESSING STATEMENT

Merchant Number [REDACTED]
 Customer Service Phone - 1-800-471-9511

Statement Period 08/01/13 - 08/31/13

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted	MasterCard	Visa	Discover	Total Submitted
08/01/13		\$571.65	\$5,746.55	\$57.23	\$6,375.43
08/02/13		\$4,018.59	\$9,185.66	\$80.75	\$13,285.00
08/03/13		\$4,913.52	\$12,194.07	\$198.11	\$17,305.70
08/04/13		\$412.64	\$1,851.48	0.00	\$2,264.12
08/05/13		\$78.86	\$2,129.89	\$68.07	\$2,276.82
08/06/13		\$2,421.49	\$10,789.48	\$47.78	\$13,258.75
08/07/13		\$1,249.82	\$8,206.96	\$42.90	\$9,499.68
08/08/13		\$871.14	\$6,128.07	\$35.66	\$7,034.87
08/09/13		\$815.47	\$5,555.28	\$127.66	\$6,498.41
08/10/13		\$1,506.64	\$8,335.65	\$120.64	\$9,962.93
08/11/13		\$122.27	\$1,167.28	0.00	\$1,289.55
08/12/13		\$68.32	\$1,532.61	0.00	\$1,600.93
08/13/13		\$460.89	\$5,580.61	\$56.14	\$6,097.64
08/14/13		\$1,143.46	\$4,748.88	0.00	\$5,892.34
08/15/13		\$605.87	\$6,399.96	0.00	\$7,005.83
08/16/13		\$797.79	\$9,130.06	\$27.72	\$9,955.57
08/17/13		\$609.67	\$8,783.87	\$21.34	\$9,414.88
08/18/13		\$151.32	\$1,320.81	0.00	\$1,472.13
08/19/13		\$205.00	\$912.29	0.00	\$1,117.29
08/20/13		\$954.14	\$8,496.27	0.00	\$9,450.41
08/21/13		\$682.58	\$7,799.77	\$76.36	\$8,558.71
08/22/13		\$2,318.67	\$7,560.14	\$112.13	\$9,990.94
08/23/13		\$628.06	\$6,823.59	\$1,102.18	\$8,553.83
08/24/13		\$1,504.66	\$9,303.35	\$21.34	\$10,829.35
08/25/13		0.00	\$1,054.87	0.00	\$1,054.87
08/26/13		\$22.23	\$824.70	0.00	\$846.93
08/27/13		\$863.57	\$5,533.35	\$788.99	\$7,185.91
08/28/13		\$538.81	\$5,513.62	\$57.25	\$6,109.68
08/29/13		\$1,259.51	\$3,864.88	\$21.34	\$5,145.73
08/30/13		\$697.14	\$5,437.66	0.00	\$6,134.80
08/31/13		\$3,858.20	\$9,983.77	\$39.52	\$13,881.49
Sub Totals		\$34,351.98	\$181,895.43	\$3,103.11	\$219,350.52
Total					\$219,350.52

THIRD PARTY TRANSACTIONS

Date	Description	Amount
No Third Party Transactions for this Statement Period		0.00
Total		0.00

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
No Chargebacks/Reversals for this Statement Period				0.00
Total				0.00



YOUR CARD PROCESSING STATEMENT

Merchant Number [REDACTED]
Customer Service Phone - 1-800-471-9511

Page 7 of 7
Statement Period 08/01/13 - 08/31/13

Month	Description	Total
July	GROSS REPORTABLE SALES-TIN#####8805	\$205,115.76
	2013 YTD Gross Reportable Sales	\$1,402,735.11



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

17358 1 MB 0.405
 017358/000001/271587/A3P0041CPIN002/17412/0003/107911 082 01 000000
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 7	THIS IS NOT A BILL
Statement Period	07/01/13 - 07/31/13
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 5	Total Amount Submitted	\$205,115.76
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	-\$235.99
Page 6	Adjustments	0.00
Page 6	Fees Charged	-\$5,695.81
Total Amount Funded to Your Bank		\$199,183.96

See page 2 for Key Definition of Terms

All amounts shown are in U.S. funds
 (Amount Submitted - Third Party) + Chargebacks/Reversals + Adjustments + Fees Charged = Amount Funded

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

Please review your merchant statements for accuracy. Errors must be reported to your Merchant Services Representative within 30 days of the statement date. Requests for refunds or adjustments will not be accepted after 30 days.

As indicated in the letter you received, you have been pre-enrolled in the Moneris PCI Compliance Program with our partner, Trustwave. The monthly compliance fee of \$6.95 will be charged as billing line item PCI DSS COMPLIANCE ADMIN FEE. To complete and maintain your validation or to learn more about the program, please visit <https://pci.trustwave.com/moneris>. If you do not successfully complete and maintain your validation you will be assessed a non-compliance fee of \$19.95 per month as billing line item PCI DSS NON-COMPLIANCE.

YOUR CARD PROCESSING STATEMENT

Page 3 of 7

Statement Period

07/01/13 - 07/31/13

Merchant Number

Customer Service

Phone - 1-800-471-9511

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT (continued)

SPECIAL MESSAGE TO YOU from Robert Mohon --

Thank you for allowing our Team at The Neil Group to serve you. We appreciate working with you.

NEW: Pain-Free Checks. Tired of getting paper checks for your online bill payments? We can turn those checks into direct deposits in 2 to 3 business days. No more calls to your office to waive late fees. Get details at www.TheNeilGroup.com/painfreechecks.

Do you need to add another account for a new or different channel of payment acceptance? Does another department in your area need to take credit and debit card payments, too? Contact Robert Mohon at 615-591-5933 or Robert.Mohon@TheNeilGroup.com.

Thank you again.

Effective January 27, 2013 MasterCard will revise its standards and practices regarding the ability of merchants in the U.S. region and U.S. territories to apply an extra fee, a brand-level surcharge, to all customers who pay with MasterCard credit cards. For more information on MasterCard's revised rules, please visit www.monerisusa.com/paymentnetworkfees.

Effective January 27, 2013 Visa will allow U.S. merchants to surcharge Visa Credit card transactions (not debit or pre-paid card transactions) at the Visa "brand level" or at the "product level". For more information on Visa's revised rules, please visit www.monerisusa.com/paymentnetworkfees.

YOUR CARD PROCESSING STATEMENT

Merchant Number [REDACTED]

Customer Service

Phone - 1-800-471-9511

Page 5 of 7

Statement Period

07/01/13 - 07/31/13

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted	Visa	Discover	MasterCard	Total Submitted
07/01/13		\$3,228.11	\$56.26	0.00	\$3,284.37
07/02/13		\$11,210.50	\$197.84	\$5,038.74	\$16,447.08
07/03/13		\$8,466.56	\$61.58	\$2,089.44	\$10,617.58
07/04/13		\$10,190.40	\$27.10	\$3,824.70	\$14,042.20
07/05/13		\$1,667.45	0.00	\$255.31	\$1,922.76
07/06/13		\$11,580.36	\$222.05	\$1,839.57	\$13,641.98
07/07/13		\$2,964.49	\$57.00	\$184.42	\$3,205.91
07/08/13		\$1,637.63	0.00	0.00	\$1,637.63
07/09/13		\$10,752.84	\$52.36	\$2,000.26	\$12,805.46
07/10/13		\$7,954.42	\$56.49	\$995.03	\$9,005.94
07/11/13		\$5,895.11	\$331.61	\$684.71	\$6,911.43
07/12/13		\$5,619.90	0.00	\$635.82	\$6,255.72
07/13/13		\$8,602.17	0.00	\$1,317.83	\$9,920.00
07/14/13		\$1,386.73	0.00	\$53.85	\$1,440.58
07/15/13		\$1,592.19	0.00	\$104.49	\$1,696.68
07/16/13		\$7,813.68	\$57.18	\$1,108.47	\$8,979.33
07/17/13		\$7,087.11	\$63.43	\$939.33	\$8,089.87
07/18/13		\$5,941.02	\$280.13	\$915.16	\$7,136.31
07/19/13		\$5,134.94	0.00	\$935.36	\$6,070.30
07/20/13		\$8,753.78	\$93.47	\$655.46	\$9,502.71
07/21/13		\$1,354.71	0.00	\$639.87	\$1,994.58
07/22/13		\$1,398.67	0.00	\$131.74	\$1,530.41
07/23/13		\$6,424.41	\$271.72	\$806.62	\$7,502.75
07/24/13		\$5,800.49	0.00	\$656.93	\$6,457.42
07/25/13		\$5,013.23	\$44.31	\$1,006.54	\$6,064.08
07/26/13		\$5,667.07	0.00	\$878.78	\$6,545.85
07/27/13		\$8,066.99	\$25.69	\$628.61	\$8,721.29
07/28/13		\$872.22	0.00	\$75.87	\$948.09
07/29/13		\$348.56	\$23.18	0.00	\$371.74
07/30/13		\$5,362.28	\$101.79	\$773.23	\$6,237.30
07/31/13		\$5,636.79	0.00	\$491.62	\$6,128.41
Sub Totals		\$173,424.81	\$2,023.19	\$29,667.76	\$205,115.76
Total					\$205,115.76



Date	Description	Amount
	No Third Party Transactions for this Statement Period	0.00
Total		0.00

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
07/13/13	831936394401	THE CARDHOLDER DID NOT AUTHORIZE THE CHARGE.	5549	-\$235.99
Total				-\$235.99



YOUR CARD PROCESSING STATEMENT

Page 7 of 7

Statement Period 07/01/13 - 07/31/13

Merchant Number [REDACTED]
Customer Service Phone - 1-800-471-9511

Month	Description	Total
June	GROSS REPORTABLE SALES-TIN#####8805	\$198,428.22
	2013 YTD Gross Reportable Sales	\$1,197,619.35



The Neil Group

THE NEIL GROUP LLC
PO BOX 59390
SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

15954 1 MB 0.435
015954/000001/348489/A3P0041CPIN002/15956/0003/102157 079 01 000000
MOUNTAIN WATER DISTRICT
PO BOX 3157
PIKEVILLE KY 41502-3157

Page 1 of 6

THIS IS NOT A BILL

Statement Period	03/01/14 - 03/31/14
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 5	Total Amount Submitted	\$226,536.09
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 6	Adjustments	0.00
Page 6	Fees Charged	<u>-\$6,211.69</u>
Total Amount Funded to Your Bank		\$220,324.40

See page 2 for Key Definition of Terms

All amounts shown are in U.S. funds
(Amount Submitted - Third Party) + Chargebacks/Reversals + Adjustments + Fees Charged = Amount Funded

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

Please review your merchant statements for accuracy. Errors must be reported to your Merchant Services Representative within 30 days of the statement date. Requests for refunds or adjustments will not be accepted after 30 days.

As indicated in the letter you received, you have been pre-enrolled in the Moneris PCI Compliance Program with our partner, Trustwave. The monthly compliance fee of \$6.95 will be charged as billing line item PCI DSS COMPLIANCE ADMIN FEE. To complete and maintain your validation or to learn more about the program, please visit <https://pci.trustwave.com/moneris>. If you do not successfully complete and maintain your validation you will be assessed a non-compliance fee of \$19.95 per month as billing line item PCI DSS NON-COMPLIANCE.

Visa is adding new fees effective April 2014. These new and modified fees will be implemented in April and will amend your agreement and be reflected on your April statement. For more information on these new and/or modified fees, please visit the Visa tab at www.monerisusa.com/paymentnetworkfees.

YOUR CARD PROCESSING STATEMENT

Page 3 of 6

Statement Period

03/01/14 - 03/31/14

Merchant Number



Customer Service

Phone - 1-800-471-9511

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT (continued)

MasterCard is adding new fees effective April 2014. These new and modified fees will be implemented in April and will amend your agreement and be reflected on your April statement. For more information on these new and/or modified fees and for new updates from MasterCard, please visit the MasterCard tab at www.monerisusa.com/paymentnetworkfees.

For information on Payment Network changes effective April 2014, please visit www.monerisusa.com/paymentnetworkfees.

For updates from Discover, please visit the Discover tab at www.monerisusa.com/paymentnetworkfees.

Effective immediately, there has been an increase in shipping costs and Moneris Solutions will pass on the additional shipping rates. Those rates will apply to the following delivery types:

- Standard Overnight
- Priority Overnight
- Saturday Delivery

Accelerated shipping rates will not apply to our standard shipping of 2-day, which is included in the cost of the product.

Additional rates will be communicated and assessed for accelerated shipping based on delivery type and shipping location.

A SPECIAL MESSAGE from your Payment Specialist, Robert Mohon

THANK YOU. We are pleased to provide solutions to improve your cash flow, reduce collection hassles, and deliver PainFree Payments to your business office. The biggest compliment you can give us is to refer others like you. Your ability to accept credit and debit cards online can save you HUGE time and effort. Any payment made there is one less envelope to open, one less deposit to make, and one more reason for customers to love you.

- But customers have to know you can accept and process credit and debit cards. Here are several ways to get the word out:
- 1- On statement messages in monthly bills you send (loud, brightly-colored paper works well for this)
 - 2- When customers call your office - tell them
 - 3- Add to "on-hold" music that customers hear when they call your office and must wait on hold
 - 4- Write it in a press release to your local media - ask us for a sample
 - 5- Incorporate in other communications with the public and customers

YOUR CARD PROCESSING STATEMENT

Merchant Number XXXXXXXXXX
 Customer Service Phone - 1-800-471-9511

Statement Period 03/01/14 - 03/31/14

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted	MasterCard	Visa	Discover	Total Submitted
					\$13,948.85
03/01/14		\$2,991.50	\$10,884.03	\$73.32	\$2,941.46
03/02/14		\$454.79	\$2,486.67	0.00	\$2,392.06
03/03/14		\$382.42	\$2,009.64	0.00	\$18,003.22
03/04/14		\$4,537.77	\$13,449.13	\$16.32	\$16,511.82
03/05/14		\$3,765.92	\$12,679.74	\$66.16	\$11,329.24
03/06/14		\$1,663.21	\$9,666.03	0.00	\$11,256.30
03/07/14		\$2,106.69	\$9,092.61	\$57.00	\$13,059.50
03/08/14		\$2,274.97	\$10,186.26	\$598.27	\$2,136.85
03/09/14		\$189.36	\$1,886.01	\$61.48	\$1,449.66
03/10/14		0.00	\$1,449.66	0.00	\$9,628.96
03/11/14		\$1,048.35	\$8,580.61	0.00	\$8,870.49
03/12/14		\$1,481.59	\$7,388.90	0.00	\$8,267.70
03/13/14		\$1,216.77	\$7,012.97	\$37.96	\$9,974.45
03/14/14		\$1,702.09	\$8,192.61	\$79.75	\$12,294.62
03/15/14		\$1,487.62	\$10,694.52	\$112.48	\$1,654.74
03/16/14		\$224.95	\$1,429.79	0.00	\$1,333.03
03/17/14		\$181.66	\$1,151.37	0.00	\$8,300.27
03/18/14		\$975.80	\$7,249.93	\$74.54	\$5,825.21
03/19/14		\$1,064.58	\$4,697.27	\$63.36	\$5,700.38
03/20/14		\$617.10	\$5,083.28	0.00	\$6,194.00
03/21/14		\$652.87	\$5,501.24	\$39.89	\$9,714.90
03/22/14		\$820.36	\$8,894.54	0.00	\$1,322.93
03/23/14		\$162.03	\$1,160.90	0.00	\$1,541.41
03/24/14		\$185.56	\$1,298.47	\$57.38	\$12,945.93
03/25/14		\$1,906.39	\$10,956.14	\$83.40	\$6,438.92
03/26/14		\$490.37	\$5,948.55	0.00	\$5,815.82
03/27/14		\$878.06	\$4,914.21	\$23.55	\$7,008.59
03/28/14		\$975.67	\$5,109.13	\$923.79	\$7,681.73
03/29/14		\$1,001.22	\$6,627.71	\$52.80	\$1,515.55
03/30/14		\$31.38	\$1,484.17	0.00	\$1,477.50
03/31/14		\$102.19	\$1,375.31	0.00	\$226,536.09
	Sub Totals	\$35,573.24	\$188,541.40	\$2,421.45	\$226,536.09

Total

Date	Description	Amount
	No Third Party Transactions for this Statement Period	0.00
Total		

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
		No Chargebacks/Reversals for this Statement Period		0.00
Total				



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

15955 1 MB 0 435
 015955/000001/348489/A3P0041CPIN002/15957/0003/102163 079 01 000000
 MOUNTAIN WATER DISTRICT
 ATTN: KEVIN LOWE
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 5

THIS IS NOT A BILL

Statement Period	03/01/14 - 03/31/14
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 5	Total Amount Submitted	0.00
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 5	Adjustments	0.00
Page 5	Fees Charged	-\$35.00
Total Amount Funded to Your Bank		-\$35.00

See page 2 for Key Definition of Terms

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IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

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Visa is adding new fees effective April 2014. These new and modified fees will be implemented in April and will amend your agreement and be reflected on your April statement. For more information on these new and/or modified fees, please visit the Visa tab at www.monerisusa.com/paymentnetworkfees.

YOUR CARD PROCESSING STATEMENT

Merchant Number
Customer Service

Phone - 1-800-471-9511

Page 3 of 5

Statement Period

03/01/14 - 03/31/14

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT (continued)

MasterCard is adding new fees effective April 2014. These new and modified fees will be implemented in April and will amend your agreement and be reflected on your April statement. For more information on these new and/or modified fees and for new updates from MasterCard, please visit the MasterCard tab at www.monerisusa.com/paymentnetworkfees.

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Standard Overnight
Priority Overnight
Saturday Delivery

Accelerated shipping rates will not apply to our standard shipping of 2-day, which is included in the cost of the product.

Additional rates will be communicated and assessed for accelerated shipping based on delivery type and shipping location.

A SPECIAL MESSAGE from your Payment Specialist, Robert Mohon

THANK YOU. We are pleased to provide solutions to improve your cash flow, reduce collection hassles, and deliver PainFree Payments to your business office. The biggest compliment you can give us is to refer others like you. Your ability to accept credit and debit cards online can save you HUGE time and effort. Any payment made there is one less envelope to open, one less deposit to make, and one more reason for customers to love you. But customers have to know you can accept and process credit and debit cards. Here are several ways to get the word out:

- 1- On statement messages in monthly bills you send (loud, brightly-colored paper works well for this)
- 2- When customers call your office - tell them
- 3- Add to "on-hold" music that customers hear when they call your office and must wait on hold
- 4- Write it in a press release to your local media - ask us for a sample
- 5- Incorporate in other communications with the public and customers

YOUR CARD PROCESSING STATEMENT

Page 5 of 5

Merchant Number XXXXXXXXXX
 Customer Service Phone - 1-800-471-9511

Statement Period 03/01/14 - 03/31/14

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted		Total Submitted
		No Products for this Statement Period	0.00
Total			

THIRD PARTY TRANSACTIONS

Date	Description		Amount
		No Third Party Transactions for this Statement Period	0.00
Total			

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
No Chargebacks/Reversals for this Statement Period				0.00
Total				

ADJUSTMENTS

Date	Description		Amount
		No Adjustments for this Statement Period	0.00
Total			

FEES CHARGED

Date	Type	Description	Total
03/31/14	FEE	MONTHLY MAINTENANCE FEE	-10.00
03/31/14	FEE	MINIMUM PROCESSING FEE 25.00 MINIMUM LEVEL LESS 0.00	-25.00
Total Service Charges			0.00
Total Interchange Charges			0.00
Total Fees			-\$35.00
Total (Service Charges, Interchange Charges, and Fees)			-\$35.00

Fee Type Legend
 SC = Service Charges
 IC = Interchange Charges
 FEE = Fees



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

15951 1 MB 0.435
 015951/000001/338288/A3P0041CPIN002/15955/0003/101365 079 01 000000
 MOUNTAIN WATER DISTRICT
 ATTN: KEVIN LOWE
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 5	THIS IS NOT A BILL
Statement Period	02/01/14 - 02/28/14
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 5	Total Amount Submitted	0.00
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 5	Adjustments	0.00
Page 5	Fees Charged	-\$35.00
Total Amount Funded to Your Bank		-\$35.00

See page 2 for Key Definition of Terms

All amounts shown are in U.S. funds
 (Amount Submitted - Third Party) + Chargebacks/Reversals + Adjustments + Fees Charged = Amount Funded

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

Please review your merchant statements for accuracy. Errors must be reported to your Merchant Services Representative within 30 days of the statement date. Requests for refunds or adjustments will not be accepted after 30 days.

As indicated in the letter you received, you have been pre-enrolled in the Moneris PCI Compliance Program with our partner, Trustwave. The monthly compliance fee of \$6.95 will be charged as billing line item PCI DSS COMPLIANCE ADMIN FEE. To complete and maintain your validation or to learn more about the program, please visit <https://pci.trustwave.com/moneris>. If you do not successfully complete and maintain your validation you will be assessed a non-compliance fee of \$19.95 per month as billing line item PCI DSS NON-COMPLIANCE.

Visa is adding new fees effective April 2014. These new and modified fees will be implemented in April and will amend your agreement and be reflected on your April statement. For more information on these new and/or modified fees, please visit the Visa tab at www.monerisusa.com/paymentnetworkfees.

YOUR CARD PROCESSING STATEMENT

Page 3 of 5

Statement Period

02/01/14 - 02/28/14

Merchant Number

Customer Service

Phone - 1-800-471-9511

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT (continued)

MasterCard is adding new fees effective April 2014. These new and modified fees will be implemented in April and will amend your agreement and be reflected on your April statement. For more information on these new and/or modified fees and for new updates from MasterCard, please visit the MasterCard tab at www.monerisusa.com/paymentnetworkfees.

For updates from Discover, please visit the Discover tab at www.monerisusa.com/paymentnetworkfees.

For information on Payment Network changes effective April 2014, please visit www.monerisusa.com/paymentnetworkfees.

A SPECIAL MESSAGE from your Payment Specialist, Robert Mohon --
ARE YOU CONSIDERING CHANGING SOFTWARE OR HARDWARE? You can easily have us adjust your account to your changing business needs. Call Robert at 615-591-5933 or email Robert.Mohon@TheNeilGroup.com to discuss.
THINK BEFORE YOU CLICK! We will *never* send you an email with links or attachments to ask for any sensitive information. This includes usernames, passwords, bank account info, mother's maiden name, date of birth, last 4 of your social, security question answers, and other sensitive info. The FBI Cybercrimes Unit advises use of different passwords for each account you use. No dictionary words or names. Use upper and lower-case. Include special characters, too. Keep your real date of birth, mother's maiden name, and your whereabouts off Facebook, FourSquare, Pinterest and Google+. Read more at <http://www.fbi.gov/about-us/investigate/cyber>
THANK YOU. We are pleased to partner with you to improve your cash flow, reduce collection hassles, and deliver PainFree Payments to your business office. The biggest compliment you can give us is to refer others like you.

YOUR CARD PROCESSING STATEMENT

Statement Period

02/01/14 - 02/28/14

Merchant Number
Customer Service

Phone - 1-800-471-9511

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted		Total Submitted
		No Products for this Statement Period	0.00

Total

THIRD PARTY TRANSACTIONS

Date	Description		Amount
		No Third Party Transactions for this Statement Period	0.00

Total

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
				0.00
		No Chargebacks/Reversals for this Statement Period		0.00

Total

ADJUSTMENTS

Date	Description		Amount
		No Adjustments for this Statement Period	0.00

Total

FEES CHARGED

Date	Type	Description	Total
02/28/14	FEE	MONTHLY MAINTENANCE FEE	-10.00
02/28/14	FEE	MINIMUM PROCESSING FEE 25.00 MINIMUM LEVEL LESS 0.00	-25.00

Total Service Charges

Total Interchange Charges

Total Fees

Total (Service Charges, Interchange Charges, and Fees)

Fee Type Legend

- SC = Service Charges
- IC = Interchange Charges
- FEE = Fees



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

15950 1 MB 0 435
 015950/000001/338288/A3P0041CPIN002/15954/0003/101359 079 01 000000
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 6	THIS IS NOT A BILL
Statement Period	02/01/14 - 02/28/14
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 5	Total Amount Submitted	\$219,670.57
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 6	Adjustments	-\$2,748.78
Page 6	Fees Charged	-\$5,958.05
Total Amount Funded to Your Bank		\$210,963.74

See page 2 for Key Definition of Terms

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YOUR CARD PROCESSING STATEMENT

Merchant Number XXXXXXXXXX
 Customer Service Phone - 1-800-471-9511

Statement Period 02/01/14 - 02/28/14

ADJUSTMENTS

Date	Description	Amount
02/06/14	ELECTRONIC DEPOSIT REJECTS	-1297.08
02/21/14	ELECTRONIC DEPOSIT REJECTS	-1451.70
Total		-\$2,748.78

FEES CHARGED

Date	Type	Description	Total
02/28/14	SC	DISCOVER SALES DISCOUNT .021500 DISC RATE TIMES \$1,045.93	-22.49
02/28/14	SC	DISCOVER DATA USAGE FEE 22 TRANSACTIONS AT .018500	-0.41
02/28/14	SC	MC WORLD SALES DISCOUNT .022300 DISC RATE TIMES \$2,296.72	-51.22
02/28/14	SC	VI REWARD SALES DISCOUNT .022300 DISC RATE TIMES \$2,903.36	-64.74
02/28/14	SC	MASTERCARD SALES DISCOUNT .021500 DISC RATE TIMES \$3,241.34	-69.69
02/28/14	SC	VISA SALES DISCOUNT .021500 DISC RATE TIMES \$3,047.41	-65.52
02/28/14	SC	MASTERCARD MID-QUAL SALES DISC .021500 DISC RATE TIMES \$333.62	-7.17
02/28/14	SC	VISA MID-QUAL SALES DISCOUNT .021500 DISC RATE TIMES \$516.07	-11.10
02/28/14	SC	MASTERCARD NON-QUAL SALES DISC .032000 DISC RATE TIMES \$212.15	-6.79
02/28/14	SC	VISA NON-QUAL SALES DISCOUNT .032000 DISC RATE TIMES \$2,225.00	-71.20
02/28/14	SC	MASTERCARD DEBIT SALES DISC .022300 DISC RATE TIMES \$31,172.15	-695.14
02/28/14	SC	VISA DEBIT SALES DISCOUNT .022300 DISC RATE TIMES \$155,021.59	-3456.98
02/28/14	SC	VI DEBIT NON-QUAL SALES DISC .034000 DISC RATE TIMES \$14,884.65	-506.08
02/28/14	SC	MC DEBIT NON-QUAL SALES DISC .034000 DISC RATE TIMES \$21.80	-0.74
02/28/14	SC	VISA NETWORK FEE CNP 2-07	-45.00
02/28/14	FEE	BATCH SETTLEMENT FEE 30 TRANSACTIONS AT .150000	-4.50
02/28/14	FEE	MONTHLY MAINTENANCE FEE	-10.00
02/28/14	FEE	PCI DSS COMPLIANCE ADMIN FEE	-6.95
02/28/14	FEE	NETWORK AUTHORIZATION FEE 23 TRANSACTIONS AT .002500	-0.06
02/28/14	FEE	MC NETWORK ACCESS AUTH FEE 729 TRANSACTIONS AT .018500	-13.49
02/28/14	FEE	VISA MISUSE OF AUTH FEE 1 TRANSACTIONS AT .045000	-0.05
02/28/14	FEE	ACQUIRER PROCESSOR FEE CREDIT 119 TRANSACTIONS AT .019500	-2.32
02/28/14	FEE	ACQUIRER PROCESSOR FEE DB/PP 3,391 TRANSACTIONS AT .019500	-66.12
02/28/14	FEE	MASTERCARD AUTH FEE 729 TRANSACTIONS AT .150000	-109.35
02/28/14	FEE	VISA AUTH FEE 3,510 TRANSACTIONS AT .150000	-526.50
02/28/14	FEE	DISCOVER AUTH FEE 23 TRANSACTIONS AT .150000	-3.45
02/28/14	FEE	MC CVC2 TRANSACTION FEE 650 TRANSACTIONS AT .002500	-1.63
02/28/14	FEE	AVS WATS AUTHORIZATION FEE 1,742 TRANSACTIONS AT .080000	-139.36
02/28/14	FEE		-139.36
		Total Service Charges	0.00
		Total Interchange Charges	-\$928.78
		Total Fees	-\$5,958.05

Total (Service Charges, Interchange Charges, and Fees)

Fee Type Legend

SC = Service Charges
 IC = Interchange Charges
 FEE = Fees

YOUR CARD PROCESSING STATEMENT

Merchant Number XXXXXXXXXX
 Customer Service Phone - 1-800-471-9511

Statement Period 02/01/14 - 02/28/14

(Total Sales You Submitted - Refunds = Total Amount You Submitted)

Card Type	Average Ticket	Total Gross Sales You Submitted		Refunds		Total Amount You Submitted	
		Items	Amount	Items	Amount	Items	Amount
MasterCard	\$54.26	687	\$37,277.78	0	0.00	687	\$37,277.78
Visa	\$53.36	3,347	\$178,598.08	0	0.00	3,347	\$178,598.08
Discover	\$47.54	22	\$1,045.93	0	0.00	22	\$1,045.93
Diners	0.00	0	0.00	0	0.00	0	0.00
JCB	0.00	0	0.00	0	0.00	0	0.00
Adjustments	0.00	0	\$2,748.78	0	0.00	0	\$2,748.78
Total		4,056	\$219,670.57	0	0.00	4,056	\$219,670.57

(Amount Submitted - Third Party) + Chargebacks/Reversals + Adjustments + Fees Charged = Amount Funded

Date Submitted	Batch Number	Submitted Amount	Third Party Transactions	Chargebacks/Reversals	Adjustments	Fees Charged*	Date Funded	Funded Amount
02/01/14		\$13,579.60	0.00	0.00	0.00	0.00		\$13,579.60
02/02/14		\$3,283.92	0.00	0.00	0.00	0.00		\$3,283.92
02/03/14		\$1,990.65	0.00	0.00	0.00	0.00		\$1,990.65
02/04/14		\$18,531.62	0.00	0.00	0.00	0.00		\$18,531.62
02/05/14		\$12,708.61	0.00	0.00	0.00	0.00		\$12,708.61
02/06/14		\$10,402.73	0.00	0.00	-\$1,297.08	0.00		\$9,105.65
02/07/14		\$10,123.82	0.00	0.00	0.00	0.00		\$10,123.82
02/08/14		\$11,298.74	0.00	0.00	0.00	0.00		\$11,298.74
02/09/14		\$2,830.30	0.00	0.00	0.00	0.00		\$2,830.30
02/10/14		\$1,626.84	0.00	0.00	0.00	0.00		\$1,626.84
02/11/14		\$9,556.85	0.00	0.00	0.00	0.00		\$9,556.85
02/12/14		\$8,888.08	0.00	0.00	0.00	0.00		\$8,888.08
02/13/14		\$7,821.02	0.00	0.00	0.00	0.00		\$7,821.02
02/14/14		\$5,102.08	0.00	0.00	0.00	0.00		\$5,102.08
02/15/14		\$12,200.92	0.00	0.00	0.00	0.00		\$12,200.92
02/16/14		\$2,890.81	0.00	0.00	0.00	0.00		\$2,890.81
02/17/14		\$2,227.34	0.00	0.00	0.00	0.00		\$2,227.34
02/18/14		\$1,824.48	0.00	0.00	0.00	0.00		\$1,824.48
02/19/14		\$13,196.53	0.00	0.00	0.00	0.00		\$13,196.53
02/20/14		\$10,005.46	0.00	0.00	0.00	0.00		\$10,005.46
02/21/14		\$11,790.97	0.00	0.00	-\$1,451.70	0.00		\$10,339.27
02/22/14		\$10,277.16	0.00	0.00	0.00	0.00		\$10,277.16
02/23/14		\$1,753.22	0.00	0.00	0.00	0.00		\$1,753.22
02/24/14		\$1,753.22	0.00	0.00	0.00	0.00		\$1,753.22
02/25/14		\$2,485.18	0.00	0.00	0.00	0.00		\$2,485.18
02/26/14		\$8,505.22	0.00	0.00	0.00	0.00		\$8,505.22
02/27/14		\$7,606.20	0.00	0.00	0.00	0.00		\$7,606.20
02/28/14		\$7,946.12	0.00	0.00	0.00	0.00		\$7,946.12
02/28/14		\$9,216.10	0.00	0.00	0.00	-\$5,958.05		\$3,258.05
Total		\$219,670.57	0.00	0.00	-\$2,748.78	-\$5,958.05		\$210,963.74



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

16205 1 MB 0 435
 016205/000001/329931/A3P0041CPIN002/16279/0003/094147 077 01 000000
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 6

THIS IS NOT A BILL

Statement Period	01/01/14 - 01/31/14
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 5	Total Amount Submitted	\$199,205.29
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 6	Adjustments	0.00
Page 6	Fees Charged	<u>-\$5,545.24</u>
	Total Amount Funded to Your Bank	\$193,660.05

See page 2 for Key Definition of Terms

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IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

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A SPECIAL MESSAGE from your Payment Specialist, Robert Mohon --
 THANK YOU - As we welcome the New Year, we are grateful for the privilege of working with you.
 TURN YOUR INCOMING, ONLINE BANKING BILLPAY CHECKS INTO AUTOMATIC DIRECT DEPOSITS. Learn more at

YOUR CARD PROCESSING STATEMENT

Merchant Number [REDACTED]
Customer Service Phone - 1-800-471-9511

Page 3 of 6

Statement Period

01/01/14 - 01/31/14

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT (continued)

www.PainFreeChecks.com

ARE YOU CONSIDERING CHANGING SOFTWARE OR HARDWARE? You can easily adjust your account to your changing business needs. Call Robert at 615-591-5933 or email Robert.Mohon@TheNeilGroup.com.

A THANK YOU GIFT - When you refer a new Client who joins us I'll personally send you a gift card as a token of our thanks to you. THINK BEFORE YOU CLICK! We will *never* send you an email with links or attachments to ask for any sensitive information. This includes usernames, passwords, bank account info, mother's maiden name, date of birth, last four of your social, security question answers, and other sensitive info. The FBI Cybercrimes Unit advises use of different passwords for each account you use. No dictionary words or names. Use upper and lower-case. Include special characters, too. Keep your real date of birth, mother's maiden name, and your whereabouts off Facebook. Use of tools like multi-factor authentication help protect you from hackers. Read more at <http://www.fbi.gov/about-us/investigate/cyber>

YOUR CARD PROCESSING STATEMENT

Merchant Number
Customer Service

Phone - 1-800-471-9511

Page 5 of 6

Statement Period

01/01/14 - 01/31/14

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted	MasterCard	Visa	Discover	Total Submitted
01/01/14		\$3,221.13	\$5,731.90	\$63.51	\$9,016.54
01/02/14		\$306.12	\$2,237.10	\$39.31	\$2,582.53
01/03/14		\$1,888.34	\$8,513.76	\$209.72	\$10,611.82
01/04/14		\$4,286.97	\$13,936.48	\$237.07	\$18,460.52
01/05/14		\$399.39	\$2,853.94	0.00	\$3,253.33
01/06/14		\$260.07	\$2,386.31	\$21.34	\$2,667.72
01/07/14		\$1,945.67	\$8,409.26	0.00	\$10,354.93
01/08/14		\$1,298.03	\$8,053.87	\$122.38	\$9,474.28
01/09/14		\$1,857.73	\$8,043.76	\$55.46	\$9,956.95
01/10/14		\$1,464.47	\$7,137.45	\$120.48	\$8,722.40
01/11/14		\$1,197.30	\$9,142.33	0.00	\$10,339.63
01/12/14		\$320.13	\$1,665.78	\$52.96	\$2,038.87
01/13/14		\$339.22	\$1,407.10	0.00	\$1,746.32
01/14/14		\$872.42	\$7,948.29	\$40.16	\$8,860.87
01/15/14		\$168.54	\$4,381.54	0.00	\$4,550.08
01/16/14		\$962.73	\$6,594.80	\$243.92	\$7,801.45
01/17/14		\$938.34	\$6,972.95	\$68.02	\$7,979.31
01/18/14		\$849.64	\$9,284.21	0.00	\$10,133.85
01/19/14		\$186.18	\$1,384.91	0.00	\$1,571.09
01/20/14		\$136.48	\$2,037.71	0.00	\$2,174.19
01/21/14		\$964.46	\$5,533.35	\$218.80	\$6,716.61
01/22/14		\$839.15	\$6,825.32	\$34.65	\$7,699.12
01/23/14		\$567.72	\$4,992.74	0.00	\$5,560.46
01/24/14		\$440.52	\$4,550.65	\$54.85	\$5,046.02
01/25/14		\$385.67	\$7,086.84	0.00	\$7,472.51
01/26/14		\$29.32	\$1,595.25	0.00	\$1,624.57
01/27/14		\$213.12	\$917.13	0.00	\$1,130.25
01/28/14		\$972.72	\$4,944.38	\$23.27	\$5,940.37
01/29/14		\$308.67	\$5,488.65	\$37.66	\$5,834.98
01/30/14		\$1,015.99	\$4,496.50	0.00	\$5,512.49
01/31/14		\$766.60	\$3,557.00	\$47.63	\$4,371.23
Sub Totals		\$29,402.84	\$168,111.26	\$1,691.19	\$199,205.29
Total					\$199,205.29

Total

Date	Description	Amount
	No Third Party Transactions for this Statement Period	0.00
Total		0.00

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
		No Chargebacks/Reversals for this Statement Period		0.00
Total				0.00



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

16206 1 MB 0 435
 016206/000001/329931/A3P0041CPIN002/16280/0003/094153 077 01 000000
 MOUNTAIN WATER DISTRICT
 ATTN: KEVIN LOWE
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 5

THIS IS NOT A BILL

Statement Period	01/01/14 - 01/31/14
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 5	Total Amount Submitted	0.00
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 5	Adjustments	0.00
Page 5	Fees Charged	<u>-\$35.00</u>
	Total Amount Funded to Your Bank	-\$35.00

See page 2 for Key Definition of Terms

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YOUR CARD PROCESSING STATEMENT

Merchant Number



Page 3 of 5

Customer Service

Phone - 1-800-471-9511

Statement Period

01/01/14 - 01/31/14

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT (continued)

social, security question answers, and other sensitive info. The FBI Cybercrimes Unit advises use of different passwords for each account you use. No dictionary words or names. Use upper and lower-case. Include special characters, too. Keep your real date of birth, mother's maiden name, and your whereabouts off Facebook. Use of tools like multi-factor authentication help protect you from hackers. Read more at <http://www.fbi.gov/about-us/investigate/cyber>

Education and Compliance Bulletin -- PCI Data Security Standard

The Payment Card Industry Data Security Standard (PCI DSS) applies to every merchant who accepts and processes cards branded with Visa, MasterCard, Discover or American Express. PCI DSS is designed to help ensure the safe handling of cardholder information at every step by requiring merchants to demonstrate compliance via an annual Self-Assessment Questionnaire (SAQ) and if applicable, a network scan. Compliance with PCI DSS is your responsibility and failure to do so could have far-reaching consequences, such as Regulatory fees and fines for non-compliance, Increased regulatory requirements, Litigation, Loss of reputation, Loss of customers* To learn more about PCI DSS compliance, visit www.monerisusa.com/pcisecurity.

*Source: 2010 PCI DSS Security Standards Council LLC.

YOUR CARD PROCESSING STATEMENT

Merchant Number XXXXXXXXXX
 Customer Service Phone - 1-800-471-9511

Statement Period 01/01/14 - 01/31/14

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted	Total Submitted
No Products for this Statement Period		0.00
Total		0.00

THIRD PARTY TRANSACTIONS

Date	Description	Amount
No Third Party Transactions for this Statement Period		0.00
Total		0.00

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
No Chargebacks/Reversals for this Statement Period				0.00
Total				0.00

Date	Description	Amount
No Adjustments for this Statement Period		0.00
Total		0.00

FEES CHARGED

Date	Type	Description	Total
01/31/14	FEE	MONTHLY MAINTENANCE FEE	-10.00
01/31/14	FEE	MINIMUM PROCESSING FEE 25.00 MINIMUM LEVEL LESS 0.00	-25.00
Total Service Charges			0.00
Total Interchange Charges			0.00
Total Fees			-\$35.00
Total (Service Charges, Interchange Charges, and Fees)			-\$35.00

Fee Type Legend
 SC = Service Charges
 IC = Interchange Charges
 FEE = Fees



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

16242 1 MB 0.405
 016242/000001/320496/A3P0041CPIN002/16250/0003/103293 080 01 000000
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 6

THIS IS NOT A BILL

Statement Period	12/01/13 - 12/31/13
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 5	Total Amount Submitted	\$193,513.70
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 6	Adjustments	0.00
Page 6	Fees Charged	<u>-\$5,390.48</u>
	Total Amount Funded to Your Bank	\$188,123.22

See page 2 for Key Definition of Terms

All amounts shown are in U.S. funds
 (Amount Submitted - Third Party) + Chargebacks/Reversals + Adjustments + Fees Charged = Amount Funded

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

Please review your merchant statements for accuracy. Errors must be reported to your Merchant Services Representative within 30 days of the statement date. Requests for refunds or adjustments will not be accepted after 30 days.

As indicated in the letter you received, you have been pre-enrolled in the Moneris PCI Compliance Program with our partner, Trustwave. The monthly compliance fee of \$6.95 will be charged as billing line item PCI DSS COMPLIANCE ADMIN FEE. To complete and maintain your validation or to learn more about the program, please visit <https://pci.trustwave.com/moneris>. If you do not successfully complete and maintain your validation you will be assessed a non-compliance fee of \$19.95 per month as billing line item PCI DSS NON-COMPLIANCE.

Effective October 21, 2013, MasterCard is implementing a new transaction fee. The CVC 2 Transaction fee of \$0.0025 will apply to all card validation code 2 (CVC 2) transactions acquired in the U.S. region. This new fee will be implemented on

YOUR CARD PROCESSING STATEMENT

Page 3 of 6

Statement Period

12/01/13 - 12/31/13

Merchant Number

Customer Service

Phone - 1-800-471-9511

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT (continued)

October 21, 2013 and will amend your agreement and be reflected on your October statement. For more information on this new fee, please visit the MasterCard tab at www.monerisusa.com/paymentnetworkfees.

Discover is implementing a new fee. The Network Authorization Fee of \$0.0025 will be assessed for each authorization request sent to the Discover network. This new fee will be implemented in October and will amend your agreement and be reflected on your October statement. For more information on this new fee, please visit the Discover tab at www.monerisusa.com/paymentnetworkfees.

A SPECIAL MESSAGE from your Payment Specialist, Robert Mohon --

TURN YOUR INCOMING, ONLINE BANKING BILLPAY CHECKS INTO AUTOMATIC DIRECT DEPOSITS. Learn more at www.PainFreeChecks.com

ARE YOU CONSIDERING CHANGING SOFTWARE OR HARDWARE? You can easily adjust your account to your changing business needs. Call Robert at 615-591-5933 or email Robert.Mohon@TheNeilGroup.com.

GET A THANK YOU GIFT - When you refer a new Client who joins us, I'll personally send you a gift card as a token of our thanks. THINK BEFORE YOU CLICK! We will never send you an email with links or attachments to ask for any sensitive information. This includes: usernames, passwords, bank account info, mother's maiden name, date of birth, last four numbers of your social, security question answers, and other sensitive info. The FBI Cybercrimes Unit advises to use different passwords for each account you have. No dictionary words or names. Use upper and lower-case letters and include special characters too. Keep your real date of birth, mother's maiden name, and your whereabouts off Facebook. Use of tools like multi-factor authentication help protect you from hackers. Read more at <http://www.fbi.gov/about-us/investigate/cyber>

THANK YOU- At this special time of year, we are grateful for the privilege of working with you.

Visa is adding some new interchange programs effective October 18, 2013. These new interchange programs will be implemented in October and will amend your agreement and be reflected on your October statement. For more information on these new interchange programs and new updates from Visa, please visit the Visa tab at www.monerisusa.com/paymentnetworkfees.

MasterCard is adding certain fees effective October 18, 2013. These new fees will be implemented in October and will amend your agreement and be reflected on your October statement. For more information on these new fees and new updates from MasterCard, please visit the MasterCard tab at www.monerisusa.com/paymentnetworkfees.

For updates from Discover, please visit the Discover tab at www.monerisusa.com/paymentnetworkfees.

YOUR CARD PROCESSING STATEMENT

Merchant Number XXXXXXXXXX
 Customer Service Phone - 1-800-471-9511

Statement Period 12/01/13 - 12/31/13

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted	MasterCard	Visa	Discover	Total Submitted
12/01/13		\$344.67	\$1,442.82	0.00	\$1,787.49
12/02/13		\$357.87	\$2,383.74	0.00	\$2,741.61
12/03/13		\$3,057.73	\$10,297.45	\$57.17	\$13,412.35
12/04/13		\$4,606.22	\$13,999.28	0.00	\$18,605.50
12/05/13		\$2,384.40	\$8,015.05	\$66.38	\$10,465.83
12/06/13		\$1,798.00	\$7,843.69	\$48.07	\$9,689.76
12/07/13		\$987.42	\$9,807.19	0.00	\$10,794.61
12/08/13		\$81.89	\$1,668.38	0.00	\$1,750.27
12/09/13		\$111.66	\$1,656.01	0.00	\$1,767.67
12/10/13		\$1,802.64	\$7,848.35	0.00	\$9,650.99
12/11/13		\$828.64	\$6,721.59	0.00	\$7,550.23
12/12/13		\$1,140.55	\$8,515.75	\$188.19	\$9,844.49
12/13/13		\$1,386.00	\$7,250.86	\$278.43	\$8,915.29
12/14/13		\$885.51	\$7,878.71	0.00	\$8,764.22
12/15/13		\$204.72	\$1,615.10	0.00	\$1,819.82
12/16/13		\$159.31	\$954.60	0.00	\$1,113.91
12/17/13		\$975.83	\$8,398.58	0.00	\$9,374.41
12/18/13		\$415.78	\$3,954.65	0.00	\$4,370.43
12/19/13		\$391.04	\$4,481.45	\$61.88	\$4,934.37
12/20/13		\$978.78	\$5,411.85	\$159.81	\$6,550.44
12/21/13		\$687.84	\$9,383.70	\$87.25	\$10,158.79
12/22/13		\$46.58	\$2,022.53	\$22.37	\$2,091.48
12/23/13		\$132.38	\$1,229.48	0.00	\$1,361.86
12/24/13		\$725.44	\$7,060.53	0.00	\$7,785.97
12/25/13		\$66.60	\$792.95	0.00	\$859.55
12/26/13		\$54.93	\$546.77	0.00	\$601.70
12/27/13		\$1,045.80	\$8,774.72	\$170.24	\$9,990.76
12/28/13		\$567.90	\$6,765.73	\$21.34	\$7,354.97
12/29/13		0.00	\$893.26	0.00	\$893.26
12/30/13		\$30.86	\$995.67	0.00	\$1,026.53
12/31/13		\$860.60	\$6,450.49	\$174.05	\$7,485.14
Sub Totals		\$27,117.59	\$165,060.93	\$1,335.18	\$193,513.70
Total					\$193,513.70



Date	Description	Amount
	No Third Party Transactions for this Statement Period	0.00
Total		0.00

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
		No Chargebacks/Reversals for this Statement Period		0.00
Total				0.00



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

16243 1 MB 0 405
 016243/000001/320496/A3P0041CPIN002/16251/0003/103299 080 01 000000
 MOUNTAIN WATER DISTRICT
 ATTN: KEVIN LOWE
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 5	THIS IS NOT A BILL
Statement Period	12/01/13 - 12/31/13
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 5	Total Amount Submitted	0.00
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 5	Adjustments	0.00
Page 5	Fees Charged	-\$35.00
Total Amount Funded to Your Bank		-\$35.00

See page 2 for Key Definition of Terms

All amounts shown are in U.S. funds
 (Amount Submitted - Third Party) + Chargebacks/Reversals + Adjustments + Fees Charged = Amount Funded

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

Please review your merchant statements for accuracy. Errors must be reported to your Merchant Services Representative within 30 days of the statement date. Requests for refunds or adjustments will not be accepted after 30 days.

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Discover is implementing a new fee. The Network Authorization Fee of \$0.0025 will be assessed for each authorization request sent to the Discover network. This new fee will be implemented in October and will amend your agreement and be reflected on your October statement. For more information on this new fee, please visit the Discover tab at www.monerisusa.com/paymentnetworkfees.

YOUR CARD PROCESSING STATEMENT

Merchant Number

Customer Service Phone - 1-800-471-9511

Page 3 of 5

Statement Period

12/01/13 - 12/31/13

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT (continued)

Visa is adding some new interchange programs effective October 18, 2013. These new interchange programs will be implemented in October and will amend your agreement and be reflected on your October statement. For more information on these new interchange programs and new updates from Visa, please visit the Visa tab at www.monerisusa.com/paymentnetworkfees.

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For updates from Discover, please visit the Discover tab at www.monerisusa.com/paymentnetworkfees.

Education and Compliance Bulletin -- PCI Data Security Standard

The Payment Card Industry Data Security Standard (PCI DSS) is a worldwide security standard created to help payment card industry organizations prevent credit card fraud through increased controls around data and its exposure to compromise. The intentions of this standard are to create an additional level of protection by ensuring that merchants meet minimum levels of security when they store, process and transmit cardholder data. PCI Compliance applies to all organizations that hold, process or exchange cardholder information from any card branded with the logo of one of the major card associations (Visa, MasterCard, American Express, Discover and Japan Card). To learn more about PCI DSS compliance, visit www.monerisusa.com/pcisecurity.

YOUR CARD PROCESSING STATEMENT

Merchant Number [REDACTED]
 Customer Service Phone - 1-800-471-9511

Statement Period 12/01/13 - 12/31/13

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted		Total Submitted
No Products for this Statement Period			0.00
Total			

THIRD PARTY TRANSACTIONS

Date	Description	Amount
No Third Party Transactions for this Statement Period		0.00
Total		

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
No Chargebacks/Reversals for this Statement Period				0.00
Total				

ADJUSTMENTS

Date	Description	Amount
No Adjustments for this Statement Period		0.00
Total		

FEES CHARGED

Date	Type	Description	Total
12/31/13	FEE	MONTHLY MAINTENANCE FEE	-10.00
12/31/13	FEE	MINIMUM PROCESSING FEE 25.00 MINIMUM LEVEL LESS 0.00	-25.00
Total Service Charges			0.00
Total Interchange Charges			0.00
Total Fees			-\$35.00
Total (Service Charges, Interchange Charges, and Fees)			-\$35.00

Fee Type Legend

SC = Service Charges
 IC = Interchange Charges
 FEE = Fees

THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

2806 1 MB 0.432
 002806/000001/485234/A3P0041CPIN002/2807/0001/017851 024 01 000000
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 6

THIS IS NOT A BILL

Statement Period	06/01/14 - 06/30/14
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 5	Total Amount Submitted	\$201,998.36
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 6	Adjustments	0.00
Page 6	Fees Charged	<u>-\$5,609.60</u>
	Total Amount Funded to Your Bank	\$196,388.76

See page 2 for Key Definition of Terms

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IMPORTANT INFORMATION - The terms and conditions of your Merchant Services Agreement and Operating Manual with Moneris have been amended. A copy of the amended terms and conditions can be found at <https://www.monerisusa.com/support/terms-and-conditions.aspx> and a copy of the amended Operating Manual can be found

YOUR CARD PROCESSING STATEMENT

Page 3 of 6

Statement Period

06/01/14 - 06/30/14

Merchant Number

Customer Service

Phone - 1-800-471-9511

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT (continued)

at <https://www.monerisusa.com/support/-/media/tc/Operating%20Manual%200610.ashx>. Please review these documents which you can also print for your records.

MasterCard is adding new fees effective April 2014. These new and modified fees will be implemented in April and will amend your agreement and be reflected on your April statement. For more information on these new and/or modified fees and for new updates from MasterCard, please visit the MasterCard tab at www.monerisusa.com/paymentnetworkfees.

For information on Payment Network changes effective April 2014, please visit www.monerisusa.com/paymentnetworkfees.

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PAY BY PHONE AUTOMATION: Getting a lot of over-the-phone customer payments? Wouldn't it be nice to automate that? Learn more at www.TheNeilGroup.com/paybyphone or email Robert.Mohon@TheNeilGroup.com

WARNING: SCAM SEASON IS HERE. A recent scammer convinced a business to give him their confidential information, allowing him to obtain access to the business banking account and take funds from it. Never give out confidential information to callers. You never know who's really on the other end of that phone.

PCI Compliance means safety for your office and your customers. Please ask if you need assistance.

THANK YOU for being an important part of our Family. I appreciate working with you and your staff to improve your cash flow, reduce collection hassles, and deliver PainFree Payments to your business office. The biggest compliment you can give us is to refer others like you.

YOUR CARD PROCESSING STATEMENT

Merchant Number XXXXXXXXXX
 Customer Service Phone - 1-800-471-9511

Statement Period 06/01/14 - 06/30/14

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted	MasterCard	Visa	Discover	Total Submitted
06/01/14		\$294.52	\$1,378.75	0.00	\$1,673.27
06/02/14		\$186.73	\$1,165.12	0.00	\$1,351.85
06/03/14		\$1,335.17	\$11,117.21	\$198.18	\$12,650.56
06/04/14		\$4,260.95	\$9,732.55	\$44.32	\$14,037.82
06/05/14		\$2,105.07	\$7,871.22	\$42.68	\$10,018.97
06/06/14		\$1,239.89	\$6,910.27	0.00	\$8,150.16
06/07/14		\$2,937.46	\$9,895.41	0.00	\$12,832.87
06/08/14		\$102.52	\$1,498.14	\$48.91	\$1,649.57
06/09/14		\$173.60	\$1,734.12	0.00	\$1,907.72
06/10/14		\$1,643.18	\$10,536.46	\$20.70	\$12,200.34
06/11/14		\$455.92	\$7,081.84	0.00	\$7,537.76
06/12/14		\$857.99	\$6,707.26	\$184.96	\$7,750.21
06/13/14		\$1,164.19	\$6,357.48	0.00	\$7,521.67
06/14/14		\$536.75	\$11,195.26	0.00	\$11,732.01
06/15/14		\$130.04	\$1,717.30	\$23.38	\$1,870.72
06/16/14		\$71.13	\$2,217.29	0.00	\$2,288.42
06/17/14		\$1,473.01	\$6,873.55	\$47.39	\$8,393.95
06/18/14		\$450.68	\$5,584.85	\$409.38	\$6,444.91
06/19/14		\$963.23	\$7,027.70	\$47.96	\$8,038.89
06/20/14		\$1,292.76	\$8,090.38	\$52.28	\$9,435.42
06/21/14		\$892.16	\$12,953.70	\$160.16	\$14,006.02
06/22/14		\$37.21	\$720.48	\$22.81	\$780.50
06/23/14		0.00	\$783.21	0.00	\$783.21
06/24/14		\$593.86	\$9,681.02	0.00	\$10,274.88
06/25/14		\$403.69	\$5,348.97	0.00	\$5,752.66
06/26/14		\$1,080.26	\$5,203.24	\$49.45	\$6,332.95
06/27/14		\$938.35	\$4,716.36	0.00	\$5,654.71
06/28/14		\$682.25	\$7,498.52	0.00	\$8,180.77
06/29/14		\$73.24	\$1,296.68	0.00	\$1,369.92
06/30/14		\$150.22	\$1,225.43	0.00	\$1,375.65
Sub Totals		\$26,526.03	\$174,119.77	\$1,352.56	\$201,998.36
Total					\$201,998.36

THIRD PARTY TRANSACTIONS

Date	Description	Amount
No Third Party Transactions for this Statement Period		
Total		0.00

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
06/10/14	541510022001	SERVICES OR MERCHANDISE NOT PROVIDED TO CARDHO	6886	-\$90.08
06/10/14	541540029101	REVERSAL FAILURE TO RESPOND TO YOUR CUSTOMER'S	6886	\$90.08
Total				0.00



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

2807 1 MB 0.432
 002807/000001/485234/A3P004 ICPIN002/2808/0001/017857 024 01 000000
 MOUNTAIN WATER DISTRICT
 ATTN: KEVIN LOWE
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 5	THIS IS NOT A BILL
Statement Period	06/01/14 - 06/30/14
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Statement prepared by Moneris on 07/01/14 at 10:00 AM. All amounts are in U.S. funds. All amounts shown are in U.S. funds. (Amount Submitted - Third Party) + Chargebacks/Reversals + Adjustments + Fees Charged = Amount Funded.

Page 5	Total Amount Submitted	0.00
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 5	Adjustments	0.00
Page 5	Fees Charged	-\$61.90
Total Amount Funded to Your Bank		-\$61.90

See page 2 for Key Definition of Terms

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IMPORTANT INFORMATION - The terms and conditions of your Merchant Services Agreement and Operating Manual with Moneris have been amended. A copy of the amended terms and conditions can be found at <https://www.monerisusa.com/support/terms-and-conditions.aspx> and a copy of the amended Operating Manual can be found

YOUR CARD PROCESSING STATEMENT

Merchant Number [REDACTED]
Customer Service Phone - 1-800-471-9511

Page 3 of 5

Statement Period 06/01/14 - 06/30/14

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT (continued)

at <https://www.monerisusa.com/support/~media/tc/Operating%20Manual%200610.ashx>. Please review these documents which you can also print for your records.

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PAY BY PHONE AUTOMATION: Getting a lot of over-the-phone customer payments? Wouldn't it be nice to automate that? Learn more at www.TheNeilGroup.com/paybyphone or email Robert.Mohon@TheNeilGroup.com
WARNING: SCAM SEASON IS HERE. A recent scammer convinced a business to give him their confidential information, allowing him to obtain access to the business banking account and take funds from it. Never give out confidential information to callers. You never know who's really on the other end of that phone.
PCI Compliance means safety for your office and your customers. Please ask if you need assistance.
THANK YOU for being an important part of our Family. I appreciate working with you and your staff to improve your cash flow, reduce collection hassles, and deliver PainFree Payments to your business office. The biggest compliment you can give us is to refer others like you.

YOUR CARD PROCESSING STATEMENT

Merchant Number XXXXXXXXXX
 Customer Service Phone - 1-800-471-9511

Statement Period 06/01/14 - 06/30/14

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted		Total Submitted
No Products for this Statement Period			0.00
Total			

THIRD PARTY TRANSACTIONS

Date	Description	Amount
No Third Party Transactions for this Statement Period		0.00
Total		

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
No Chargebacks/Reversals for this Statement Period				0.00
Total				

ADJUSTMENTS

Date	Description	Amount
No Adjustments for this Statement Period		0.00
Total		

FEES CHARGED

Date	Type	Description	Total
06/30/14	FEE	MONTHLY MAINTENANCE FEE	-10.00
06/30/14	FEE	PCI DSS COMPLIANCE ADMIN FEE	-6.95
06/30/14	FEE	PCI DSS NON COMPLIANCE	-19.95
06/30/14	FEE	MINIMUM PROCESSING FEE 25.00 MINIMUM LEVEL LESS 0.00	-25.00
Total Service Charges			0.00
Total Interchange Charges			
Total Fees			-\$61.90
Total (Service Charges, Interchange Charges, and Fees)			-\$61.90

Fee Type Legend
 SC = Service Charges
 IC = Interchange Charges
 FEE = Fees



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

2806 1 MB 0 432
 002806/000001/478104/A3P0041CPIN002/2807/0001/017915 024 01 000000
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 6	THIS IS NOT A BILL
Statement Period	05/01/14 - 05/31/14
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



THIS STATEMENT IS A SUMMARY OF YOUR CARD PROCESSING ACTIVITY. IT IS NOT A RECEIPT. THE INFORMATION IS PROVIDED FOR YOUR INFORMATION ONLY. THE INFORMATION IS NOT VALID FOR ANY OTHER PURPOSE. THE INFORMATION IS NOT VALID FOR ANY OTHER PURPOSE.

Page 5	Total Amount Submitted	\$226,104.76
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	-\$124.63
Page 6	Adjustments	0.00
Page 6	Fees Charged	-\$6,346.43
Total Amount Funded to Your Bank		\$219,633.70

See page 2 for Key Definition of Terms

All amounts shown are in U.S. funds
 (Amount Submitted - Third Party) + Chargebacks/Reversals + Adjustments + Fees Charged = Amount Funded

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YOUR CARD PROCESSING STATEMENT

Merchant Number [REDACTED]
Customer Service Phone - 1-800-471-9511

Page 3 of 6

Statement Period

05/01/14 - 05/31/14

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT (continued)

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YOUR CARD PROCESSING STATEMENT



Merchant Number XXXXXXXXXX
 Customer Service Phone - 1-800-471-9511

Statement Period 05/01/14 - 05/31/14

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted	MasterCard	Visa	Discover	Total Submitted
05/01/14		\$422.79	\$5,140.77	0.00	\$5,563.56
05/02/14		\$3,807.80	\$7,228.86	\$183.20	\$11,219.86
05/03/14		\$4,208.21	\$14,844.46	\$46.67	\$19,099.34
05/04/14		\$464.34	\$1,483.41	0.00	\$1,947.75
05/05/14		\$110.44	\$2,070.26	0.00	\$2,180.70
05/06/14		\$3,027.77	\$10,398.66	\$76.79	\$13,503.22
05/07/14		\$2,348.91	\$8,691.58	\$21.34	\$11,061.83
05/08/14		\$1,122.66	\$6,552.23	0.00	\$7,674.89
05/09/14		\$1,307.84	\$6,705.89	\$74.54	\$8,088.27
05/10/14		\$1,355.08	\$10,635.57	0.00	\$11,990.65
05/11/14		\$143.44	\$1,077.68	0.00	\$1,221.12
05/12/14		\$66.76	\$1,086.53	0.00	\$1,153.29
05/13/14		\$1,249.18	\$7,951.72	\$70.85	\$9,271.75
05/14/14		\$758.43	\$7,636.64	\$29.39	\$8,424.46
05/15/14		\$1,149.76	\$5,376.46	\$35.30	\$6,561.52
05/16/14		\$691.91	\$6,104.17	\$91.14	\$6,887.22
05/17/14		\$1,158.24	\$10,147.06	\$46.91	\$11,352.21
05/18/14		\$6.58	\$984.85	0.00	\$991.43
05/19/14		\$203.70	\$1,395.02	0.00	\$1,598.72
05/20/14		\$521.70	\$7,797.17	0.00	\$8,318.87
05/21/14		\$639.98	\$6,177.33	0.00	\$6,817.31
05/22/14		\$1,105.19	\$8,906.56	\$28.79	\$10,040.54
05/23/14		\$425.22	\$6,160.84	\$79.82	\$6,665.88
05/24/14		\$930.77	\$9,017.80	\$64.58	\$10,013.15
05/25/14		0.00	\$863.18	0.00	\$863.18
05/26/14		\$66.38	\$815.71	0.00	\$882.09
05/27/14		0.00	\$748.83	\$79.78	\$828.61
05/28/14		\$1,275.01	\$5,772.03	\$564.03	\$7,611.07
05/29/14		\$1,427.07	\$8,368.96	\$136.09	\$9,932.12
05/30/14		\$1,258.14	\$6,330.34	\$28.34	\$7,616.82
05/31/14		\$5,205.93	\$11,517.40	0.00	\$16,723.33
Sub Totals		\$36,459.23	\$187,987.97	\$1,657.56	\$226,104.76
Total					\$226,104.76

THIRD PARTY TRANSACTIONS

Date	Description	Amount
	No Third Party Transactions for this Statement Period	0.00
Total		0.00

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
05/08/14	841276447401	THE CARDHOLDER DID NOT AUTHORIZE THE CHARGE.	3540	-\$31.45
05/08/14	841276447501	THE CARDHOLDER DID NOT AUTHORIZE THE CHARGE.	3540	-\$55.90
05/08/14	841276447601	THE CARDHOLDER DID NOT AUTHORIZE THE CHARGE.	3540	-\$37.28
Total				-\$124.63



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

2807 1 MB 0 432
 002807/000001/478104/A3P0041CPIN002/2808/0001/017921 024 01 000000
 MOUNTAIN WATER DISTRICT
 ATTN: KEVIN LOWE
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 5	THIS IS NOT A BILL
Statement Period	05/01/14 - 05/31/14
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 5	Total Amount Submitted	0.00
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 5	Adjustments	0.00
Page 5	Fees Charged	-\$63.46
Total Amount Funded to Your Bank		-\$63.46

See page 2 for Key Definition of Terms

All amounts shown are in U.S. funds
 (Amount Submitted + Third Party) + Chargebacks/Reversals + Adjustments + Fees Charged = Amount Funded

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YOUR CARD PROCESSING STATEMENT

Merchant Number [REDACTED]
Customer Service Phone - 1-800-471-9511

Page 3 of 5
Statement Period 05/01/14 - 05/31/14

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT (continued)

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YOUR CARD PROCESSING STATEMENT

Merchant Number XXXXXXXXXX
 Customer Service Phone - 1-800-471-9511

Statement Period 05/01/14 - 05/31/14

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted	Total Submitted
No Products for this Statement Period		
Total		0.00

THIRD PARTY TRANSACTIONS

Date	Description	Amount
No Third Party Transactions for this Statement Period		
Total		0.00

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
No Chargebacks/Reversals for this Statement Period				
Total				0.00

ADJUSTMENTS

Date	Description	Amount
No Adjustments for this Statement Period		
Total		0.00

FEES CHARGED

Date	Type	Description	Total
05/31/14	FEE	MONTHLY MAINTENANCE FEE	-10.00
05/31/14	FEE	PCI DSS COMPLIANCE ADMIN FEE	-6.95
05/31/14	FEE	PCI DSS NON COMPLIANCE	-19.95
05/31/14	FEE	NETWORK AUTHORIZATION FEE 5 TRANSACTIONS AT .002500	-0.01
05/31/14	FEE	DISCOVER AUTH FEE 7 TRANSACTIONS AT .150000	-1.05
05/31/14	FEE	AVS WATS AUTHORIZATION FEE 5 TRANSACTIONS AT .100000	-0.50
05/31/14	FEE	MINIMUM PROCESSING FEE 25.00 MINIMUM LEVEL LESS 0.00	-25.00
Total Service Charges			0.00
Total Interchange Charges			0.00
Total Fees			-\$63.46
Total (Service Charges, Interchange Charges, and Fees)			-\$63.46

Fee Type Legend

- SC = Service Charges
- IC = Interchange Charges
- FEE = Fees

THE NEIL GROUP LLC, PO BOX 59390, SCHAUMBURG, IL 60159-0390



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

16136 1 MB 0 435
 016136/000001/357656/A3P0041CPIN002/16143/0003/103379 079 01 000000
 MOUNTAIN WATER DISTRICT
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 6	THIS IS NOT A BILL
Statement Period	04/01/14 - 04/30/14
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 5	Total Amount Submitted	\$194,294.78
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 6	Adjustments	0.00
Page 6	Fees Charged	<u>-\$5,457.33</u>
Total Amount Funded to Your Bank		\$188,837.45

See page 2 for Key Definition of Terms

All amounts shown are in U.S. funds

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YOUR CARD PROCESSING STATEMENT

Merchant Number 
Customer Service Phone - 1-800-471-9511

Page 3 of 6

Statement Period 04/01/14 - 04/30/14

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Effective immediately, there has been an increase in shipping costs and Moneris Solutions will pass on the additional shipping rates. Those rates will apply to the following delivery types:

Standard Overnight
Priority Overnight
Saturday Delivery

Accelerated shipping rates will not apply to our standard shipping of 2-day, which is included in the cost of the product.

Additional rates will be communicated and assessed for accelerated shipping based on delivery type and shipping location.

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YOUR CARD PROCESSING STATEMENT

Merchant Number XXXXXXXXXX
 Customer Service Phone - 1-800-471-9511

Statement Period 04/01/14 - 04/30/14

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted	MasterCard	Visa	Discover	Total Submitted
04/01/14		\$1,084.53	\$4,946.81	\$32.50	\$6,063.84
04/02/14		\$3,365.26	\$9,054.93	\$24.37	\$12,444.56
04/03/14		\$1,582.70	\$6,528.48	\$23.70	\$8,134.88
04/04/14		\$3,716.52	\$11,719.87	0.00	\$15,436.39
04/05/14		\$2,122.65	\$9,657.20	\$21.34	\$11,801.19
04/06/14		\$143.27	\$2,107.91	\$37.55	\$2,288.73
04/07/14		\$163.62	\$1,499.99	0.00	\$1,663.61
04/08/14		\$1,916.17	\$9,597.23	\$19.08	\$11,532.48
04/09/14		\$991.29	\$7,433.24	\$71.75	\$8,496.28
04/10/14		\$1,014.16	\$6,165.79	\$38.71	\$7,218.66
04/11/14		\$965.63	\$5,444.47	\$23.33	\$6,433.43
04/12/14		\$913.52	\$8,669.64	\$21.34	\$9,604.50
04/13/14		\$14.57	\$1,015.38	\$35.88	\$1,065.83
04/14/14		\$285.11	\$1,337.54	0.00	\$1,622.65
04/15/14		\$1,020.78	\$8,024.83	0.00	\$9,045.61
04/16/14		\$936.33	\$5,305.72	0.00	\$6,242.05
04/17/14		\$1,515.13	\$6,577.58	0.00	\$8,092.71
04/18/14		\$1,159.43	\$7,193.36	\$76.96	\$8,429.75
04/19/14		\$277.64	\$2,688.04	0.00	\$2,965.68
04/20/14		\$102.19	\$1,452.12	0.00	\$1,554.31
04/21/14		\$200.48	\$1,003.73	\$22.23	\$1,226.44
04/22/14		\$1,732.28	\$10,520.83	\$166.83	\$12,419.94
04/23/14		\$1,080.02	\$5,460.00	0.00	\$6,540.02
04/24/14		\$1,130.52	\$5,205.26	\$64.05	\$6,399.83
04/25/14		\$414.70	\$5,015.75	\$51.76	\$5,482.21
04/26/14		\$840.92	\$6,993.51	0.00	\$7,834.43
04/27/14		\$76.95	\$824.71	\$26.29	\$927.95
04/28/14		\$61.37	\$852.43	0.00	\$913.80
04/29/14		\$701.46	\$6,436.09	0.00	\$7,137.55
04/30/14		\$391.01	\$4,863.12	\$21.34	\$5,275.47
Sub Totals		\$29,920.21	\$163,595.56	\$779.01	\$194,294.78
Total					\$194,294.78

Date	Description	Amount
	No Third Party Transactions for this Statement Period	
Total		0.00

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
		No Chargebacks/Reversals for this Statement Period		
Total				0.00



THE NEIL GROUP LLC
 PO BOX 59390
 SCHAUMBURG, IL 60159-0390

YOUR CARD PROCESSING STATEMENT

16137 1 MB 0.435
 016137/000001/357656/A3P0041CPIN002/16144/0003/103385 079 01 000000
 MOUNTAIN WATER DISTRICT
 ATTN: KEVIN LOWE
 PO BOX 3157
 PIKEVILLE KY 41502-3157

Page 1 of 5	THIS IS NOT A BILL
Statement Period	04/01/14 - 04/30/14
Merchant Number	[REDACTED]
Customer Service	Phone - 1-800-471-9511



Page 5	Total Amount Submitted	0.00
Page 5	Third Party Transactions	0.00
Page 5	Chargebacks/Reversals	0.00
Page 5	Adjustments	0.00
Page 5	Fees Charged	<u>-\$41.95</u>
	Total Amount Funded to Your Bank	-\$41.95

See page 2 for Key Definition of Terms

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YOUR CARD PROCESSING STATEMENT

Merchant Number [REDACTED]
Customer Service Phone - 1-800-471-9511

Page 3 of 5

Statement Period 04/01/14 - 04/30/14

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Standard Overnight
Priority Overnight
Saturday Delivery

Accelerated shipping rates will not apply to our standard shipping of 2-day, which is included in the cost of the product.

Additional rates will be communicated and assessed for accelerated shipping based on delivery type and shipping location.

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YOUR CARD PROCESSING STATEMENT

Merchant Number XXXXXXXXXX
 Customer Service Phone - 1-800-471-9511

Statement Period 04/01/14 - 04/30/14

AMOUNTS SUBMITTED BY BATCH

Date Submitted	Batch Submitted		Total Submitted
No Products for this Statement Period			0.00
Total			

THIRD PARTY TRANSACTIONS

Date	Description	Amount
No Third Party Transactions for this Statement Period		0.00
Total		

Date	Reference No.	Description	Card Number (Last 4 Digits)	Amount
No Chargebacks/Reversals for this Statement Period				0.00
Total				

ADJUSTMENTS

Date	Description	Amount
No Adjustments for this Statement Period		0.00
Total		

FEES CHARGED

Date	Type	Description	Total
04/30/14	FEE	MONTHLY MAINTENANCE FEE	-10.00
04/30/14	FEE	PCI DSS COMPLIANCE ADMIN FEE	-6.95
04/30/14	FEE	MINIMUM PROCESSING FEE 25.00 MINIMUM LEVEL LESS 0.00	-25.00
Total Service Charges			0.00
Total Interchange Charges			-41.95
Total Fees			-41.95
Total (Service Charges, Interchange Charges, and Fees)			-41.95

Fee Type Legend

SC = Service Charges
 IC = Interchange Charges
 FEE = Fees

**KRWFC Flexible Term Program Series 2012 E
Sinking Fund Payment Schedule**

**Borrower: Mountain Water District
Closing Date: 08/29/12**

458.00

Trust

	Monthly Principal	Monthly Interest	Monthly Admin.Fees	Total Monthly Sinking Fund Payments
10/12-1/13	17,000.00	18,516.42	1,640.07	37,156.49
2/13-7/13	17,000.00	14,618.23	1,294.79	32,913.02
8/13-1/14	28,750.00	14,334.90	1,259.38	44,344.27
2/14-8/14	28,750.00	14,334.90	1,259.38	44,344.27
8/14-1/15	29,583.33	13,759.90	1,187.50	44,530.73
2/15-7/15	29,583.33	13,759.90	1,187.50	44,530.73
8/15-1/16	30,000.00	13,168.23	1,113.54	44,281.77
2/16-7/16	30,000.00	13,168.23	1,113.54	44,281.77
8/16-1/17	30,416.67	12,568.23	1,038.54	44,023.44
2/17-7/17	30,416.67	12,568.23	1,038.54	44,023.44
8/17-1/18	31,250.00	11,959.90	962.50	44,172.40
2/18-7/18	31,250.00	11,959.90	962.50	44,172.40
8/18-1/19	31,666.67	11,256.77	884.38	43,807.81
2/19-7/19	31,666.67	11,256.77	884.38	43,807.81
8/19-1-20	32,916.67	10,306.77	805.21	44,028.65
2/20-7/20	32,916.67	10,306.77	805.21	44,028.65
8/20-1/21	20,000.00	9,319.27	722.92	30,042.19
2/21-7/21	20,000.00	9,319.27	722.92	30,042.19
8/21-1/22	18,333.33	8,719.27	672.92	27,725.52
2/22-7/22	18,333.33	8,719.27	672.92	27,725.52
8/22-1/23	18,750.00	8,169.27	627.08	27,546.36
2/23-7/23	18,750.00	8,169.27	627.08	27,546.36
8/23-1/24	19,583.33	7,606.77	580.21	27,770.31
2/24-7/24	19,583.33	7,606.77	580.21	27,770.31
8/24-1/25	20,000.00	7,019.27	531.25	27,550.52
2/25-7/25	20,000.00	7,019.27	531.25	27,550.52
8/25-1/26	20,416.67	6,419.27	481.25	27,317.19
2/26-7/26	20,416.67	6,419.27	481.25	27,317.19
8/26-1/27	21,250.00	5,806.77	430.21	27,486.98
2/27-7/27	21,250.00	5,806.77	430.21	27,486.98
8/27-1/28	19,583.33	5,169.27	377.08	25,129.69
2/28-7/28	19,583.33	5,169.27	377.08	25,129.69
8/28-1/29	20,000.00	4,581.77	328.13	24,909.90
2/29-7/29	20,000.00	4,581.77	328.13	24,909.90
8/29-1/30	20,416.67	3,956.77	278.13	24,651.56
2/30-7/30	20,416.67	3,956.77	278.13	24,651.56
8/30-2/31	14,166.67	3,318.75	227.08	17,712.50
2/31-7/31	14,166.67	3,318.75	227.08	17,712.50
8/31-1/32	14,583.33	2,858.33	191.67	17,633.33
2/32-7/32	14,583.33	2,858.33	191.67	17,633.33
8/32-1/33	12,083.33	2,384.38	155.21	14,622.92
2/33-7/33	12,083.33	2,384.38	155.21	14,622.92
8/33-1/34	12,083.33	1,976.56	125.00	14,184.90
2/34-7/34	12,083.33	1,976.56	125.00	14,184.90
8/34-1/35	12,500.00	1,553.65	94.79	14,148.44
2/35-7/35	12,500.00	1,553.65	94.79	14,148.44
8/35-1/36	7,083.33	1,116.15	63.54	8,263.02
2/36-7/36	7,083.33	1,116.15	63.54	8,263.02
8/36-1/37	7,500.00	859.38	45.83	8,405.21
2/37-7/37	7,500.00	859.38	45.83	8,405.21
8/37-1/38	7,500.00	578.13	30.83	8,108.96
2/38-7/38	7,500.00	578.13	30.83	8,108.96
8/38-1/39	7,916.67	296.88	15.83	8,229.38
2/39-8/39	7,916.67	296.88	15.83	8,229.38
	<u>6,270,000.00</u>	<u>2,190,550.27</u>	<u>173,089.03</u>	<u>8,633,639.30</u>

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 26 Please reference the Company's response to AG 1-30 where a complete and detailed breakdown of expenses listed under "R&M Overage" for \$20,760 was requested. This answer is non-responsive. Provide the breakdown of expenses as requested. Also produce all invoices associated with the overage.

WITNESS: Sawyers

RESPONSE: The R & M expense is the actual cost for repair and maintenance allocated for the water and sewer division. The District considers the provision of invoices, detailed breakdowns, and descriptions to be extremely burdensome and would be a very large volume request to provide; however the District will gladly provide the Attorney General's office access to the files at the District's office for review.

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 27 Please reference the Company's application generally. Provide a complete and detailed breakdown of expenses for the R&M. Provide all invoices associated with this expense.

WITNESS: Spears

RESPONSE: The R & M expense is the actual cost for repair and maintenance allocated for the water and sewer division. The District considers the provision of invoices, detailed breakdowns, and descriptions to be extremely burdensome and would be a very large volume request to provide; however the District will gladly provide the Attorney General's office access to the files at the District's office for review.

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 28 Please reference the Company's response to AG 1-38. Provide the location, city, and state of each waste water plant, and state whether the customers of each plants are exclusively Kentucky residents.

WITNESS: Sawyers

RESPONSE: All customers that utilize the District's wastewater plant facilities are residents of Kentucky. Please see the attached list of wastewater treatment plants noted as Exhibit 28.

Exhibit 28

**MOUNTAIN WATER DISTRICT
WASTEWATER TREATMENT PLANTS**

3/16/2015

WASTEWATER PLANT	ADDRESSES
Branham Heights	SHELBY CRK. KY HWY 122 SHELBIANA, PIKE COUNTY KY 41514
Daniels Creek WWTP (T & N MHP)	168 DANIEL'S BRANCH, PIKE COUNTY KY 41559
Douglas Industrial Park	SHELBY CRK. HWY 23/119 ROBINSON CRK, PIKE COUNTY KY 41560
Keene Village	HWY 1441 RACCOON, PIKE COUNTY KY 41557
Maple Village Subdivision	US 119 MAPLE VALLEY RD., META PIKE COUNTY KY 41501
Modern MHP WWTP	6451 ZEBULON HWY, PIKE COUNTY KY 41501
Pheips WWTP / Freeburn	1/2 MILE NORTHEAST OF FREEBURN, PIKE COUNTY KY 41528
Shelbiana MHP	DRY CRK. RD. SHELBIANA, PIKE COUNTY KY 41562
Stone Heights	POND CRK. KY HWY 199 STONE, PIKE COUNTY KY 41567
Willow Place	RACCOON CRK. HWY 119 ZEBULON, PIKE COUNTY KY 41557
10	

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 29 Please reference the Company's response to AG 1-35 and 1-36. Since MWD did not perform studies to determine if the water and sewer customers could afford a 25% and 159% rate increase respectively, is MWD aware that per the 2014 United States Census statistics the Pike County per capita income was only \$19,351, with 23.4% of residents living below the poverty level?

WITNESS: Sawyers

RESPONSE: MWD is aware of the Pike County financial situation and is sympathetic to the economic circumstances of its customers. Its deferral of a general rate increase for almost 15 years is a reflection of the District's efforts to keep costs as low as possible for its customers. However, rates are based on MWD's financial needs. It cannot continue to operate at a loss and maintain service. The rates are necessary to achieve financial stability and to support the ongoing operation of the District.

CASE : Mountain Water District

CASE NO : 2014-00342

RE : Atty General Second Data Request

Q 30. Please reference the Company's response to AG 1-41.

- a. Why has MWD not engaged in competitive bidding for the roughly \$1,225,000 per year contract for Operations, Maintenance, and Management contract for sewer since 2005 in order to determine if there are more cost effective options for its customers over UMG?
- b. Why did MWD choose to award the contract to UMG when the company was only formed mere months before awarded the MWD contract?
- c. Why did MWD not deem it a conflict of interest that Will Brown, who was the current MWD Superintendent during the bidding process, was also an employee of UMG?
- d. Why did MWD not award the contract to Alliance Water Resources since that company had over 20 years experience in managing, operating, and maintaining water districts opposed to UMG's few months of being in existence, and MWD as the first utility client.
- e. Why did MWD not award the contract to Alliance Water Resources since it appears the company provided a much lower budget than UMG?

WITNESS : Sawyers.



RESPONSE: 30(a)

See Response to 21(a).

RESPONSE: 30(b)

See Response to 21(b).

RESPONSE: 30(c)

See Response to 21(c).

RESPONSE: 30(d)

See Response to 21(e).

RESPONSE: 30(e)



See Response to 21(e).



Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 31 Please reference the Company's response to AG 1-42. This answer is non-responsive. Provide a detailed breakdown of expenses listed under "Contract Services-R&M" for \$98,136 as well as for the pro forma adjustment of \$99,117. Produce all invoices associated with this expense.

WITNESS: Spears

RESPONSE: The \$98,136 (Contract Services-R & M) is what was budget for R & M Sewer for the historic test year. . The \$98,136 is an allocation of 17.4% of the total budget. Any Sewer R & M expenditures in excess of this amount in under the category Sewer R&M overage. The pro forma is the same allocation with a 1% increase as per the UMG contract.

The District considers the provision of invoices to be extremely burdensome and would be a very large volume request to provide, however the District will gladly provide the Attorney General's office access to the files at the District's office for review. The annual R&M budget for water and sewer is \$564,000 as provided for in the UMG contract.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Question 32

Please reference the Company's response to AG 1-43. This answer is non-responsive. Provide a complete and detailed breakdown of expenses listed under "Contract Services – Assumed Expenses by UMG" for \$73,830. The General Ledger attached states "Reclass Between Periods", "To Adjust Contract Services," "Sewer Exp Assumed"; however, it does not provide what any of the descriptions actually mean or details of each transaction, so please provide the same. Also, provide all invoices associated with these expenses

WITNESS: Spears

RESPONSE:

See Attached Excel Spreadsheet which ties the balance of \$73, 825.57. The difference from above is rounding only.

Below are descriptions of what the different type entries are for:

- **Water Taps/Sewer Taps :** adjustment is made when UMG provides labor for the tap and does not bill the district. Only an allocation method to capitalize tap fee.
- **Capitalize Fire Hydrants:** adjustment is made when UMG provides labor for the tap and does not bill the district. Only an allocation method to capitalize fire hydrants.
- **R&M Forgiveness:** this is an amount that R&M was over in a previous year that UMG paid for and forgave during contract negotiation.
- **UMG Fogivable Loan:** final amount of amortization of \$500,000 loan which was forgiven by UMG.
- **Principle Payments on Vehicle/ Equipment:** Principle payments on loans that are in Mountain Water Districts name but paid by UMG per Contract Agreement to maintain our fleet.
- **Interest Payments on Vehicle/Equipment:** Interest payments on loans that are in Mountain Water Districts name but paid by UMG per Contract Agreement to maintain our fleet.

At the end of the year, UMG provides a percentage breakdown of their fees between water and sewer divisions. The amount allocated to Sewer was 17.4% or \$73,825.57.

Exhibit 32

Mountain Water District

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Request

Contract Management Expenses Assumed Year ended 06/30/2014

Question 32

07/31/13	2	new taps for water for the month of July 2013	(11,947.17)
07/31/13	3	new sewer hookups for July 2013	(4,300.19)
08/31/13	1	NEW HOOKUPS FOR AUGUST 2013	(11,598.64)
08/31/13	2	August 2013-Sewer Hookups	(2,705.61)
09/30/13	1	New Hookups for Sept. 2013	(8,810.84)
10/31/13	2	Capitalize new water taps for Oct. 2013	(11,963.95)
10/31/13	3	Capitalize new sewer taps	(4,317.76)
11/30/13	4	new hookup for nov. 2013	(7,706.35)
11/30/13	5	new sewer hookup for nov. 2013	(1,615.06)
12/31/13	5	capitalize new water hook ups for dec.13	(4,730.08)
12/31/13	R9	R&M Expense Forgiven by UMG	(118,932.00)
01/31/14	9	Jan. new water hookups	(708.77)
02/28/14	11	Capitalize Fire Hyd. @ 8094 Meta hwy	(2,073.95)
02/28/14	12	New Hookups for water for Feb. 2014	(5,192.67)
03/31/14	9	Capitalize new water taps	(15,515.55)
03/31/14	10	Capitalize New Sewer Taps for March 14	(1,041.47)
04/30/14	1	April New water taps	(12,085.65)
05/31/14	9	Capitalize new water taps for May 2014	(11,887.63)
05/31/14	10	Capitalize new sewer taps for May 2014	(4,119.90)
05/31/14	11	Capitalize Fire Hyd. @ Rockhouse Fk. of Virgie	(3,045.33)
06/30/14	13	new water hookups for June 2014	(13,561.97)
06/30/14	14	Capitalize Fire Hyd. @ E. Big Creek Rd	(2,751.41)
06/30/14		UMG Forgiveness of Forgivable Loan	(92,229.00)
06/30/14		Principle payments by UMG on Vehicles and Equipment	(63,455.21)
06/30/14		Interest payments by UMG on Vehicles and Equipment	(7,988.72)
			(424,284.88)
Water Expenses Assumed - Allocation			(350,459.31)
Sewer Expenses Assumed - Allocation			(73,825.57)

Q 33 Please reference the Company's response to AG 1-45. This answer is non-responsive. Provide the specific number of employees that UMG employs that work exclusively for MWD.

WITNESS: Meyer

RESPONSE: Number of UMG employees working exclusively for the MWD project:
2008: 60 2009: 61 2010: 59 2011: 62
2012: 61 2013: 60 2014: 65

Q 33(a) Provide the specific number of employees that UMG employs that work only partially for MWD and partially for another client.

WITNESS: Meyer

RESPONSE: Number of UMG employees that work only partially for the MWD project:
2008: 6 2009: 6 2010: 7 2011: 8
2012: 7 2013: 7 2014: 6

Q 33(a)(i) For these employees provide how the salary/benefits/etc. expense is allocated amongst the various clients.

WITNESS: Meyer

RESPONSE: As stated in previous responses to the Attorney General's office and Public Service Commission questions, salary, wages, and benefits expenses associated with shared UMG personnel are charged to an overhead cost center. Other expenses associated with central office operations (ie: central office facility costs, property and liability insurance, supplies, vehicle expenses for shared vehicles, travel expenses, depreciation expenses, and various other expenses) are also charged to that same overhead cost center. The total of all overhead expenses are then allocated to individual projects and direct cost centers based on the ratio of individual projects' contract revenue to the combined total of all project revenues.

Q 33(b) Provide all invoices, accounting records, ledgers that evidence the revenue received from MWD.

WITNESS: Meyer

RESPONSE: A copy of general ledger detail for revenues for the test year is attached.

Exhibit 33(b)

MOUNTAIN WATER DISTRICT
PROJECT REVENUES

QUESTION 33.6

JAN 1, 2014 - JUNE 30, 2014

UTILITY MANAGEMENT GROUP LLC (UMG)

Detail Postings for Period 01 Thru 06 Ending 6/30/2014

Account Number/Description				Beginning Balance	Debit	Credit	Net Change	Ending Balance
Period	Date	Journal	Comments					
5110-01-000			O&M Revenue:MWD Project	0.00				
01	1/8/2014	BD-001263	Doc: 73665 01/08/14 MWD SERVICES 12			293,366.75		293,366.75-
01	1/17/2014	BD-001281	Doc: 73670 01/17/14 MWD SERVICES 1/			288,254.68		581,621.43-
02	2/6/2014	BD-001310	Doc: 70403 02/06/14 CITY OF PIKEVIL			349,168.44		930,789.87-
02	2/10/2014	BD-001315	Doc: 73696 02/10/14 MWD SERVICES 1/			311,754.68		1,242,544.55-
02	2/20/2014	BD-001328	Doc: 73702 02/20/14 MWD SERVICES 2/			288,254.68		1,530,799.23-
02	2/28/2014	GJ-001229	Reclass Pikeville O&M pmt to correct acc		349,168.44			1,181,630.79-
03	3/7/2014	BD-001353	Doc: 73738 03/07/14 MWD SERVICES 2/			288,234.68		1,469,865.47-
03	3/18/2014	BD-001365	Doc: 73742 03/18/14 MWD SERVICES 3/			288,234.68		1,758,100.15-
03	3/31/2014	GJ-001242	To reclass the R&M portion of MWD revenu		23,500.00			1,734,600.15-
04	4/7/2014	BD-001395	Doc: 73769 04/07/14 MWD SERVICES 3/			288,234.68		2,022,834.83-
04	4/17/2014	BD-001417	Doc: 73773 04/17/14 MWD SERVICES 4/			296,300.42		2,319,135.25-
05	5/9/2014	BD-001434	Doc: 73799 05/09/14 MWD/SERVICES 4/			296,300.42		2,615,435.67-
05	5/22/2014	BD-001458	Doc: 73811 05/22/14 MWD SERVICES 5/			296,300.42		2,911,736.09-
06	6/9/2014	BD-001480	Doc: 73844 06/09/14 MWD/SERVICES 5/			296,300.42		3,208,036.51-
06	6/24/2014	BD-001500	Doc: 73851 06/24/14 MWD SERVICES 6/			296,300.42		3,504,336.93-
06	6/30/2014	GJ-001289	Reclass: MWD payment received 1/8/14 was		293,366.75			3,210,970.18-
06	6/30/2014	GJ-001290	Accrue MWD revenue for June 30, 2014			296,300.42		3,507,270.60-
				0.00	666,035.19	4,173,305.79	3,507,270.60-	3,507,270.60-
5510-01-ADM			Interest Income:MWD Project-ADM	0.00				
06	6/30/2014	GJ-001316	To adjust amortization expense			389.91		389.91-
				0.00	0.00	389.91	389.91-	389.91-
5590-01-000			Miscellaneous Income:MWD Project	0.00				
02	2/7/2014	BD-001312	Doc: 7726 02/07/14 TOM WRIGHT/ INV			392.80		392.80-
03	3/31/2014	BD-001390	Doc: 1450 03/31/14 MWD REIMB. INVO			37.09		429.89-
05	5/2/2014	BD-001424	Doc: 1491 05/02/14 MWD REIMB FOR I			433.22		863.11-
				0.00	0.00	863.11	863.11-	863.11-
Report Total:				0.00	666,035.19	4,174,558.81	3,508,523.62-	3,508,523.62-

MOUNTAIN WATER DISTRICT
PROJECT REVENUES
7/1/13 - 12/31/13

QUESTION 33.6

UTILITY MANAGEMENT GROUP LLC (UMG)

Detail Postings for Period 07 Thru 12 Ending 12/31/2013

Account Number/Description

Period	Date	Journal	Comments	Beginning Balance	Debit	Credit	Net Change	Ending Balance
5110-01-000			O&M Revenue:MWD Project	3,372,784.25-				
07	7/3/2013	BD-001025	Doc: 73434 07/03/13 MWD 6/16/13-6/3			293,366.75		3,666,151.00-
07	7/16/2013	BD-001048	Doc: 73439 07/16/13 MWD/SERVICES 7/			293,366.75		3,959,517.75-
08	8/5/2013	BD-001069	Doc: 73475 08/05/13 MWD SERVICES 7/			293,366.75		4,252,884.50-
08	8/15/2013	BD-001090	Doc: 73482 08/15/13 MWD SERVICES 8/			293,366.75		4,546,251.25-
09	9/5/2013	BD-001115	Doc: 73521 09/05/13 MWD SERVICES 8/			293,366.75		4,839,618.00-
09	9/13/2013	BD-001130	Doc: 73526 09/13/13 MWD SERVICES 9/			293,366.75		5,132,984.75-
10	10/3/2013	BD-001150	Doc: 73563 10/03/13 MWD SERVICES 9/			293,366.75		5,426,351.50-
10	10/16/2013	BD-001167	Doc: 73569 10/16/13 MWD SERVICES 10			293,366.75		5,719,718.25-
11	11/6/2013	BD-001191	Doc: 73603 11/06/13 MWD SERVICES 10			293,366.75		6,013,085.00-
11	11/18/2013	BD-001205	Doc: 73610 11/18/13 MWD SERVICES 11			293,366.75		6,306,451.75-
12	12/6/2013	BD-001229	Doc: 73640 12/06/13 MWD SERVICES 11			293,366.75		6,599,818.50-
12	12/18/2013	BD-001245	Doc: 73645 12/18/13 MWD SERVICES 12			293,366.75		6,893,185.25-
				3,372,784.25-	0.00	3,520,401.00	3,520,401.00-	6,893,185.25-
5590-01-000			Miscellaneous Income:MWD Project	3,939.98-				
07	7/1/2013	BD-001020	Doc: 12085 07/01/13 ELKHORN CITY WA			675.00		4,614.98-
09	9/30/2013	BD-001146	Doc: 1267 09/30/13 MWD REIMB INVOI			58.29		4,673.27-
10	10/16/2013	BD-001168	Doc: 73565 10/16/13 MWD REIMB ON LO			137.10		4,810.37-
11	11/6/2013	BD-001192	Doc: 1307 11/06/13 MWD REIMB INVOI			1,353.27		6,163.64-
12	12/2/2013	BD-001223	Doc: CASH 12/02/13 KRIS DILLS/CHAR			7.00		6,170.64-
12	12/6/2013	BD-001230	Doc: 1331 12/06/13 MWD SERVICES 11			282.16		6,452.80-
				3,939.98-	0.00	2,512.82	2,512.82-	6,452.80-
			Report Total:	3,376,724.23-	0.00	3,522,913.82	3,522,913.82-	6,899,638.05-

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 34 Please reference the Company's response to AG 1-45(b). Provide a detailed description as to what job functions UMG provides to the City of Pikeville, Kentucky, and how much revenue is received from this client.

Q 34(a) Provide the total revenues of UMG, and the percentage revenue that the City of Pikeville as a client contributes to the total revenues of UMG.

Q 34(b) Provide all invoices, accounting records, ledgers that evidence the revenue received from the City of Pikeville.

WITNESS: Meyer

RESPONSE: UMG does not consider Question 34 germane to Mountain Water District's rate application and is not submitting the requested information.

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 35 Please reference the Company's response to AG 1-45(b). Provide a detailed description as to what job functions UMG provides to Dickenson County Public Service Authority (Virginia) and how much revenue is received from this client.

Q 35(a) Provide the total revenues of UMG, and the percentage revenue that Dickenson County Public Service Authority (Virginia) as a client contributes to the total revenues of UMG.

Q 35(b) Provide all invoices, accounting records, ledgers that evidence the revenue received from the Dickenson County Public Service Authority (Virginia).

WITNESS: Meyer

RESPONSE: UMG does not consider Question 35 germane to Mountain Water District's rate application and is not submitting the requested information.

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 36 Please reference the Company's response to AG 1-45(b). Provide a detailed description of the "various contractors" that UMG provides HVAC installation services to, and how much revenue is received from these clients.

Q 36(a) Provide the total revenues of UMG, and the percentage revenue that the HVAC installation services contribute to the total revenues of UMG.

Q 36(b) Provide all invoices, accounting records, ledgers that evidence the revenue received from the "various contractors."

WITNESS: Meyer

RESPONSE: UMG does not consider Question 36 germane to Mountain Water District's rate application and is not submitting the requested information.

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 37 Please reference the Company's response to AG 1-45(b). Provide a detailed description of the administrative support for Small Engine Solutions, and how much revenue is received from this client.

Q 37(a) Provide the total revenues of UMG, and the percentage revenue that the administrative support for Small Engine Solutions contributes to the total revenue of UMG.

Q 37(b) Provide all invoices, accounting records, ledgers that evidence the revenue received from Small Engine Solutions.

WITNESS: Meyer

RESPONSE: UMG does not consider Question 37 germane to Mountain Water District's rate application and is not submitting the requested information.

Case: Mountain Water District

Case No: 2014-00342

RE: Attorney General Second Data Request

Q 38 Please reference the Company's response to AG 1-44. This answer is non-responsive. Provide a complete and detailed breakdown of expenses listed under "R&M Overage" for \$213,168 with invoices provided. Please ensure that any ledger provided has full descriptions and details of each line item.

WITNESS: Meyer

RESPONSE: It is not clear which year this \$213,168 R&M Overage is related to. UMG has previously provided detailed information related to all R&M overages to Mountain Water District.

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General Second Data Request

Q 39. Please reference the Company's response to AG 1-48(a). This answer is nonresponsive.

- a. Provide all known future increases in the UMG base contract and the UMG repair and maintenance contract that explains the 1 % UMG contract increase in 2015.
 - i. Produce all correspondences, internal memos, invoices, audits, etc. that would justify the increase.
- b. If the Company does not have information justifying the UMG contract increase, why did it not request this information before approving an increase in contract price?

WITNESS : Sawyers.

RESPONSE : 39(a)

The current 2014 contract is a fixed price contract that provides for a one percent (1%) increase for the calendar year 2015, and no additional increases for 2016. The only variable in the contract is any cost that exceeds the repair and maintenance budget allocated for the contract period. The repair and maintenance budget is an estimate on what MWD anticipates repair and maintenance expenses to be. If they exceed the budget, there will be an overage, which will have to be paid to UMG. There is a number of items that need repair, and it is anticipated repair and maintenance expenses will exceed the budget, but it is not possible to know by how much.

RESPONSE : 39(a)(i)

While there may have been correspondence, memorandums, etc., that would justify an increase in that it was a negotiated increase to help UMG cover the anticipated increase in cost of power, water production, etc., nothing other than what has been previously provided could be found. UMG bears the total cost of operating MWD; accordingly, they assume the risk of any increased operational cost. The one percent increase is what MWD agreed to pay to cover UMG's increased cost of operations. If UMG's variable cost increase greater than the value of the one percent increase, then they will suffer the loss. If their cost increase less than that amount, then they will have that difference as a gain.

RESPONSE : 39(b)

The historic increase cost of personnel, health insurance, and power, etc., would normally exceed the balance paid to them in the one percent increase. The average inflation rate over the past three (3) years has exceeded one percent, and it is anticipated that their cost will move more or less in line with inflation.

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 40 Please reference the Company's response to AG 1-48(b).

Q 40(a) Provide invoices with detailed breakdowns and descriptions as to the Operational expenses and R&M expenses.

WITNESS: Sawyers

RESPONSE: The Operational expense is the agreed amount in the District's contract paid annually to UMG to perform day to day operations. The R & M expense is the actual cost for repair and maintenance allocated for the water and sewer division. The District considers the provision of invoices, detailed breakdowns, and descriptions to be extremely burdensome and would be a very large volume request to provide; however the District will gladly provide the Attorney General's office access to the files at the District's office for review.

Q 40(b) Has the Company ever audited the R&M Expense Budget, since the Actual R&M is consistently higher than the budgeted amount, to ensure the expenditures are prudent and necessary?

WITNESS: Sawyers

RESPONSE: No, the reason being the District's Financial and District Administrator reviews the R&M invoices upon submittal and the District's Board of Commissioners review and approve the invoices at their monthly meeting.

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 41 Please reference the Company's response to AG 1-49(a). This answer is non-responsive. Please explain how Mike Spears, the MWD accountant, knows that a minimum rate increase of 3% among all types of meters will occur when the Kentucky Power Company rate increase case is still pending and the PSC has not ruled upon it as of yet?

WITNESS: Howard

RESPONSE: Kentucky Power has a rate increase pending in Case No. 2014-00396 filed on December 23, 2014. The proposed rates in that case have been suspended until June 22, 2015. Based on the overall average increase in rates proposed and on the specific customer class increases reflected in the public notice (copy attached), it is expected that KPC will get a rate increase of at least 3% and possibly up to the requested 12.5%. In anticipation of an increase in electric rates, MWD assumed a 3% increase, which is very conservative and which generates only approximately \$29,000 additional revenue.

Exhibit 41

NOTICE

TARIFF R.S. - T.O.D.
(Residential Service Time-of-Day)

Please Take Notice that on or before December 23, 2014 Kentucky Power Company (Kentucky Power) will file with the Kentucky Public Service Commission (Commission) in Case No. 2014-0369 an application pursuant to Chapter 278 of the Kentucky Revised Statutes for authorization to adjust the rates it charges its customers for services rendered on and after January 23, 2015. If approved and not stayed, Kentucky Power will apply the new rates to all customer bills rendered on and after January 23, 2015 to recover costs of providing service to its customers on and after that date.

In addition to the rate changes described below, Kentucky Power proposes to add the Big Sandy Retirement Rider, Big Sandy 1 Operation Rider, PJM Rider, and the NERC Compliance and Cybersecurity Rider which will be applicable to the following tariffs: R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., L.G.S., C.S.-L.R.P., M.W., O.L. and S.L. Kentucky Power is also proposing the Kentucky Economic Development Surcharge which will be applicable to the following tariffs: R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., L.G.S., C.S.-L.R.P., M.W., and S.L.

Kentucky Power is proposing to combine its current O.P. and C.L.P.-T.O.D. tariffs into a new Industrial General Service (I.G.S.) tariff. In addition, the following electric tariffs and/or charges are being minimized: Emergency Curtable Service-Customer's Energy, Energy Price Curtable Service Rider, and Experimental Real-Time Pricing. Kentucky Power has also made changes to the list of certain tariffs. Where the list changes to the tariffs are substantive in nature, the proposed language change is described below.

TARIFF CHANGES

TERMS AND CONDITIONS OF SERVICE

4. DEPOSITS

Kentucky Power has modified its deposit requirements to: (a) give the Company the discretion to determine what type of security is acceptable; (b) specify and modify the criteria for making a deposit; and (c) specify and modify the criteria for when an additional or supplemental deposit may be required. The deposit requirements were further modified to define satisfactory payment criteria and satisfactory credit criteria.

12. BILLING FORM

The Company has modified its Residential, Small Commercial, and Large Commercial and Industrial Bill Forms to include the terms for the new Big Sandy Retirement Rider, Big Sandy 1 Operation Rider, PJM Rider, NERC Compliance and Cybersecurity Rider, and Kentucky Economic Development Surcharge.

14. MONITORING USAGE

The Company has modified the frequency of its customer usage monitoring from annually to quarterly.

17. DENIAL OR DISCONTINUANCE OF SERVICE

The Company has modified the Denial or Discontinuance of Service provision so that the definition of a customer conforms with Commission regulations.

18. SPECIAL CHARGES

In addition to modifying the rates for special charges to more closely match current costs in performing those services, the Company has modified the Special Charges section to clarify that no "Call-Out" or re-connections following a disconnection of service will take place after 10:00 PM and to add a charge for a customer-requested meter reading check.

A. Reconnection and Disconnect Charges

In cases where the Company has discontinued service as herein provided for, the Company reserves the right to assess a reconnection charge pursuant to 907 KAR 5:009, Section 9 (3) (b), payable in advance, in accordance with the following schedule. However, those Customers equipping for Winter Harca-to Reconnect under 907 KAR 5:008 Section 18 shall be exempt from the reconnection charges.

1. Reconnect for nonpayment during regular hours \$ 46.64 \$21.00
2. Reconnect at the end of the day (No "Call Out" required) \$ 47.66 \$30.00
3. Reconnect for nonpayment when a "Call Out" is required prior to 10:00 PM
If "Call Out" is when an employee must be called in to make an on-site visit to make the reconnection trip. Reconnections for nonpayment will not be made when a "Call Out" after 10:00 p.m. is required. \$ 66.26 \$25.00
4. Reconnect for nonpayment when double time is required (Sunday and Holiday) \$ 44.59 \$124.00
5. Termination or lead trip \$ 25.00 \$12.50

The reconnection charge for all Customers where service has been disconnected for fraudulent use of electricity will be the actual cost of the reconnection.

B. Meter Reading Check

Pursuant to 907 KAR 5:006, Section 9 (3) (4) in cases where a customer requests a meter be read, and the second reading shows the original reading was correct, the Customer will be charged a fee of \$21.00 to cover the handling cost.

C. Returned Check Charge

In cases where a customer pays by check, which is later returned as "bounced" by the bank for any reason, the Customer will be charged a fee of \$9.25 \$18.00 to cover the handling costs.

D. Meter Test Charge

Where the test of a meter is made upon written request of the Customer pursuant to 907 KAR 5:006, Section 18, the Customer will be charged \$44.99 \$48.00 if such test shows that the meter was not more than two percent (2%) fast.

TARIFF R.S.
(Residential Service)

RATE (Tariff Codes 015, 017, 022)			
Service Charge	\$ 9.60	\$18.00 per month	
Energy Charge:	6.99¢	9.25¢ per KW-hr	

VOLUNTEER FIRE DEPARTMENTS (Tariff Code 04)

The Company has clarified that this tariff is available to Volunteer Fire Departments subject to certain reporting requirements in accordance to KRS 278.172.

LOAD MANAGEMENT WATER-HEATING PROVISION (Tariff Code 011)

For residential customers who install a temporary-approved load management water-heating system that consumes electrical energy primarily during off-peak hours specified by the Company and stores hot water for use during on-peak hours, of minimum capacity of 80 gallons, the last 250 KW-hr of use in any month shall be billed at 4.94¢ \$2.16¢ per KW-hr.

SPECIAL TERMS AND CONDITIONS

The Company has clarified that in accordance with the Commission's regulations it will make an extension of up to 150 feet to a mobile home without charge.

The Company added the following paragraph:

This tariff is available for single-phase, residential service. Where the residential customer requests three-phase service, this tariff will apply if the residential customer pays to the Company the difference between constructing single-phase service and three-phase service. Where motors or heating equipment are used for commercial or industrial purposes, the applicable general service tariff will apply to such service.

TARIFF R.S. - L.M. - T.O.D.
(Residential Service Load Management Time-of-Day)

AVAILABILITY OF SERVICE

The Company modified this provision to eliminate the requirement that the multiple-register meter be single phase to receive service under this tariff.

RATE (Tariff Codes 028, 030, 032, 034)			
Service Charge	\$ 46.65	\$18.70 per month	
Energy Charge:			
All KW-hr used during on-peak billing period	46.65¢	13.87¢ per KW-hr	
All KW-hr used during off-peak billing period	4.94¢	5.21¢ per KW-hr	

SEPARATE METERING PROVISION

Customers who use electric thermal storage space heating and water heaters which consume energy only during off-peak hours specified by the Company, or other automatically controlled load management devices such as space and/or water heating equipment that use energy only during off-peak hours specified by the Company, shall have the option of having these special load management devices separately metered. The service charge for the separate meter shall be \$249 \$3.85 per month.

SPECIAL TERMS AND CONDITIONS

The Company added the following paragraph:

This tariff is available for single-phase, residential service. Where the residential customer requests three-phase service, this tariff will apply if the residential customer pays to the Company the difference between constructing single-phase service and three-phase service. Where motors or heating equipment are used for commercial or industrial purposes, the applicable general service tariff will apply to such service.

AVAILABILITY OF SERVICE

The Company modified this provision to eliminate the requirement that the multiple-register meter be single phase to receive service under this tariff.

RATE (Tariff Code 036)			
Service Charge			\$ 46.56 \$18.70 per month
Energy Charge:			
All KW-hr used during on-peak billing period			46.65¢ 12.87¢ per KW-hr
All KW-hr used during off-peak billing period			4.94¢ 5.21¢ per KW-hr

SPECIAL TERMS AND CONDITIONS

The Company added the following paragraph:

This tariff is available for single-phase, residential service. Where the residential customer requests three-phase service, this tariff will apply if the residential customer pays to the Company the difference between constructing single-phase service and three-phase service. Where motors or heating equipment are used for commercial or industrial purposes, the applicable general service tariff will apply to such service.

TARIFF R.S. - T.O.D.2
(Experimental Residential Service Time-of-Day 2)

AVAILABILITY OF SERVICE

The Company modified this provision to eliminate the requirement that the multiple-register meter be single phase to receive service under this tariff.

RATE (Tariff Code 027)			
Service Charge			\$ 44.46 \$18.70 per month
Energy Charge:			
All KW-hr used during Summer on-peak billing period			44.46¢ 10.85¢ per KW-hr
All KW-hr used during Winter on-peak billing period			46.65¢ 12.12¢ per KW-hr
All KW-hr used during off-peak billing period			7.99¢ 8.20¢ per KW-hr

TARIFF S.G.S.
(Small General Service)

AVAILABILITY OF SERVICE

The Company modified this provision to limit its availability to metered secondary distribution services. The Company also provided a grandfather provision stating that customers not meeting the requirements for coverage under this tariff will only be permitted to continue service under this tariff at the premises occupied for continuous service beginning no later than January 22, 2015.

RATE (Tariff Codes 211, 212)			
Service Charge			\$44.50 \$ 18.50 per month
Energy Charge:			
First 500 KW-hr per month			46.16¢ 11.50¢ per KW-hr
All Over 500 KW-hr per month			7.41¢ 7.57¢ per KW-hr

LOAD MANAGEMENT TIME-OF-DAY PROVISION

RATE (Tariff Code 225)			
Service Charge			\$46.16 \$15.50 per month
Energy Charge:			
All KW-hr used during on-peak billing period			46.16¢ 13.73¢ per KW-hr
All KW-hr used during off-peak billing period			4.94¢ 5.21¢ per KW-hr

OPTIONAL UNMETERED SERVICE PROVISION

RATE (Tariff Codes 234 (Metered), 213 (Unmetered))			
Customer Charge			\$7.99 \$15.50 per month
Energy Charge:			
First 500 KW-hr per month			46.16¢ 11.50¢ per KW-hr
All Over 500 KW-hr per month			7.41¢ 7.57¢ per KW-hr

TARIFF S.G.S. - T.O.D.
(Small General Service Time-of-Day)

AVAILABILITY OF SERVICE

The Company modified this provision to clarify that this is no longer an "experimental" customer class and to eliminate the maximum 12 month average demand requirement. The Company also provided a grandfather provision stating that customers not meeting the requirements for coverage under this tariff will only be permitted to continue service under this tariff at the premises occupied for continuous service beginning no later than January 22, 2015.

RATE (Tariff Code 227)			
Service Charge			\$44.56 \$19.50 per month
Energy Charge:			
All KW-hr used during Summer on-peak billing period			46.55¢ 11.18¢ per KW-hr
All KW-hr used during Winter on-peak billing period			46.55¢ 12.02¢ per KW-hr
All KW-hr used during off-peak billing period			6.76¢ 8.47¢ per KW-hr

TARIFF M.G.S.
(Medium General Service)

AVAILABILITY OF SERVICE

The Company has clarified that for certain customers receiving service on or before January 22, 2015 with a secondary voltage and an average monthly demand of less than 10KW will be served under Tariff S.G.S.

RATE				
Tariff Code	215, 216, 218	Secondary Voltage Primary	217, 220	Subtransmission
Service Charge per Month	\$ 46.59 \$19.50	\$ 25.50 \$9.00	\$ 192.50 \$54.00	\$ 4.85 \$1.98
Demand Charge per KW	\$ 4.64 2.05	\$ 4.59 1.59		
Energy Charge:				
KW-hr equal to 200 Cmes KW or monthly billing demand		6.62¢ 10.07¢	6.56¢ 9.24¢	6.85¢ 8.53¢
KW-hr in excess of 200 Cmes KW of monthly billing demand		6.46¢ 8.63¢	6.39¢ 8.27¢	7.85¢ 8.01¢

MINIMUM CHARGE

This tariff is subject to a minimum charge equal to the sum of the service charge plus the demand charge multiplied by 8 KW. The minimum monthly charge for industrial and coal mining customers constructing for 3-phase service after October 1, 1958 shall be \$664 \$ 8.53 per KW of monthly billing demand.

RECREATIONAL LIGHTING SERVICE PROVISION

RATE (Tariff Code 214)			
Service Charge			\$ 43.50 \$ 19.50 per month
Energy Charge			5.99¢ 10.00¢ per KW-hr

LOAD MANAGEMENT TIME-OF-DAY PROVISION (Tariff Code 222)

RATE			
Service Charge			\$ 3.98 \$ 3.85 per month
Energy Charge:			
All KW-hr used during on-peak billing period			44.89¢ 15.75¢ per KW-hr
All KW-hr used during off-peak billing period			5.49¢ 5.49¢ per KW-hr

TERM OF CONTRACT

The Company has revised this provision to indicate that contracts may be required of any customer taking service under this tariff regardless of the level of normal maximum demand.

TARIFF M.G.S. - T.O.D.
(Medium General Service Time-of-Day)

RATE (Tariff Code 229)			
Service Charge			\$ 44.20 \$ 19.50 per month
Energy Charge:			
All KW-hr used during on-peak billing period			44.89¢ 15.75¢ per KW-hr
All KW-hr used during off-peak billing period			5.49¢ 5.49¢ per KW-hr

TARIFF L.G.S.
(Large General Service)

RATE				
Tariff Code	240, 242	Secondary	241, 246	Subtransmission
Service Charge per Month	\$ 55.00	\$ 127.50	\$ 505.00 \$91.65	\$ 505.00 \$91.65
Demand Charge per KW	\$ 4.68 \$2.07	\$ 3.89 \$1.69	\$ 3.89 \$1.75	\$ 3.89 \$1.75
Excess Reactive Charge per CVA	\$ 3.46	\$ 3.46	\$ 3.46	\$ 3.46
Energy Charge per KW-hr	7.95¢ 8.05¢	6.64¢ 6.81¢	4.94¢ 4.70¢	4.64¢ 4.57¢

LOAD MANAGEMENT TIME-OF-DAY PROVISION

RATE (Tariff Code 251)	
Service Charge	\$ 64.00 \$ 65.00 per month
Energy Charge:	
All KWH used during off-peak billing period	10.97¢ 12.16¢ per KWH
All KWH used during on-peak billing period	5.11¢ 4.47¢ per KWH

TARIFF I.O.S. - T.O.D.
(Large General Service Time-of-Day)

RATE				
	Secondary	Primary	Suburban/Urban	Transmission
Tariff Code	256	257	258	259
Service Charge per Month	\$ 85.00	\$ 127.50	\$ 585.50 681.55	\$ 635.50 681.65
Demand Charge per KW	\$ 7.64 10.20	\$ 4.69 7.35	\$ 9.24 1.69	\$ 9.15 1.07
Excessive Reactive Charge per KVA	\$ 3.46	\$ 3.46	\$ 3.46	\$ 3.46
On-Peak Energy Charge per KWH	9.77¢ 8.49¢	7.55¢ 8.17¢	7.70¢ 8.09¢	7.65¢ 8.00¢
Off-Peak Energy Charge per KWH	4.11¢ 4.33¢	3.65¢ 4.11¢	3.69¢ 4.24¢	3.64¢ 4.20¢

TARIFF C.S. - I.L.P.
(Contract Service - Interruptible Power)

AVAILABILITY OF SERVICE

In accordance with the Stipulation and Settlement Agreement in Case No. 2012-00578, the Company modified this provision to increase the total contracted capacity for all customers served under this tariff to 75,000 KW.

RATE (Tariff Code 321)

Credits under this tariff of \$3.68/MWh/month will be provided for interruptible load that qualifies under PJAJ's rules as capacity for the purpose of the Company's FWH obligation.

TARIFF M.W.
(Municipal Waterworks)

RATE (Tariff Code 54C)	
Service Charge	\$ 22.50 per month
Energy Charge:	
All KWH Used Per Month	6.69¢ 6.80¢ per KWH

MINIMUM CHARGE

This tariff is subject to a minimum monthly charge equal to the sum of the service charge plus \$4.00 \$ 3.20 per KVA as determined from customer's total contracted load.

TARIFF O.L.
(Outdoor Lighting)

RATE			
A. OVERHEAD LIGHTING SERVICE			
Tariff Code			
094	1. High Pressure Sodium		
113	100 watts (3,500 Lumens)	\$ 8.75	9.65 per lamp
097	150 watts (18,000 Lumens)	\$ 9.50	10.50 per lamp
103	200 watts (22,000 Lumens)	\$ 12.20	13.45 per lamp
096	250 watts (28,000 Lumens)	\$ 13.25	14.10 per lamp
	400 watts (50,000 Lumens)	\$ 18.15	21.65 per lamp
090*	2. Mercury Vapor		
088*	175 watts (7,000 Lumens)	\$ 9.75	10.75 per lamp
	400 watts (20,000 Lumens)	\$ 16.55	18.20 per lamp

Company will provide lamp, photo-electric relay control equipment, luminaires, pole, and installation including underground wiring for a distance of fifty feet from the Company's existing secondary circuits.

B. POST-TOP LIGHTING SERVICE

Tariff Code			
111	1. High Pressure Sodium		
122	100 watts (8,500 Lumens)	\$ 12.10	14.45 per lamp
121	150 watts (16,000 Lumens)	\$ 17.45	23.70 per lamp
120	100 watts Shoe Box (9,500 Lumens)	\$ 10.50	12.50 per lamp
128	250 watts Shoe Box (28,000 Lumens)	\$ 14.80	20.25 per lamp
	400 watts Shoe Box (50,000 Lumens)	\$ 27.90	44.10 per lamp
099*	2. Mercury Vapor		
	175 watts (7,000 Lumens)	\$ 14.20	12.30 per lamp

*Effective June 29, 2010 and thereafter these lamps are not available for new installations.

Company will provide lamp, photo-electric relay control equipment, luminaires, pole, and installation including underground wiring for a distance of fifty feet from the Company's existing secondary circuits.

C. FLOOD LIGHTING SERVICE

Tariff Code			
107	1. High Pressure Sodium		
109	200 watts (22,000 Lumens)	\$ 16.60	15.00 per lamp
	400 watts (50,000 Lumens)	\$ 26.60	20.20 per lamp
110	2. Metal Halide		
115	250 watts (20,500 Lumens)	\$ 18.20	20.10 per lamp
131	400 watts (35,000 Lumens)	\$ 24.40	26.60 per lamp
130	1000 watts (110,000 Lumens)	\$ 52.60	67.20 per lamp
133	250 watts (Manganese 19,000 Lumens)	\$ 21.50	25.30 per lamp
135	400 watts (Manganese 40,000 Lumens)	\$ 35.50	30.30 per lamp

Company will provide lamp, photoelectric relay control equipment, luminaires, mounting brackets, and mount same on an existing pole carrying secondary circuits.

When new or additional facilities, other than those specified in Paragraphs A, B, and C, are to be installed by the Company, the customer, in addition to the monthly charges, shall pay in advance the installation cost (labor and material) of such additional facilities extending from the nearest or most suitable pole of the Company to the cost designated by the customer for the installation of said lamp, except that customer may, for the following facilities only, elect, in lieu of such payment of the installation cost to pay:

Wood pole	\$ 2.15 per month
Overhead wire spans not over 150 feet	\$ 4.00 1.75 per month
Underground wire lateral not over 50 feet	\$ 6.25 9.50 per month

(Price includes pole riser and connections)

TERM OF INITIAL SERVICE

The Company modified this tariff to provide that if early termination is requested, the customer will be billed for the remainder of the 12 month period.

TARIFF S.L.
(Street Lighting)

RATE (Tariff Code 52B)

A. Contract Service on Existing Distributor Poles

1. High Pressure Sodium		
100 watts (5,500 lumens)	\$ 7.55	8.05 per lamp
150 watts (18,000 lumens)	\$ 8.50	9.25 per lamp
200 watts (22,000 lumens)	\$ 10.50	11.45 per lamp
400 watts (50,000 lumens)	\$ 16.25	17.80 per lamp

B. Service on New Wood Distribution Poles

1. High Pressure Sodium		
100 watts (9,500 lumens)	\$ 10.25	11.25 per lamp
150 watts (18,000 lumens)	\$ 14.10	12.60 per lamp
200 watts (22,000 lumens)	\$ 18.10	14.60 per lamp
400 watts (50,000 lumens)	\$ 28.10	20.45 per lamp

C. Service on New Metal or Concrete Poles

1. High Pressure Sodium		
100 watts (9,500 lumens)	\$ 10.50	20.35 per lamp
150 watts (18,000 lumens)	\$ 14.80	22.50 per lamp

200 watts (22,000 lumens)	\$ 25.25	28.00 per lamp
400 watts (50,000 lumens)	\$ 37.45	33.45 per lamp

*Effective June 29, 2010 and thereafter these lamps are not available for new installations.

TARIFF C.A.T.V.
(Cable Television Pole Attachment)

AVAILABILITY OF SERVICE

The Company modified this provision to provide a definition for "attachment."

RATE

Charge for attachments on a two-user pole	\$ 7.21 per pole/year attachment per year
Charge for attachments on a three-user pole	\$ 4.41 per pole/year attachment per year

The Company added a definition of "two-user pole" and "three-user pole" to this provision.

DELATED PAYMENT CHARGE

The Company extended the payment due date from 15 to 30 days after the date of the bill.

SOLE SUBJECT TO ATTACHMENT

The Company extended the time for the Company to respond to applications for pole usage from 21 to 45 days.

UNAUTHORIZED ATTACHMENTS

The Company reserves the right to make periodic inspections for unauthorized use.

INSURANCE

The Company extended the time for written notice of any cancellation of or material change in a customer's policy by its insurance carrier. Notices must now be provided by the carrier 30 days, instead of 15 days, prior to the revision or cancellation.

CHARGES AND FEES

The Company clarified that the charges under this tariff are based on the number of attachments and are to be paid monthly, not semi-annually.

ADVANCE BILLING

In the event the time for any payment is not specified, such payment shall be due 30 days, instead of 15 days, from the date of the invoice.

DEFAULT OR NON-COMPLIANCE

The Company clarified that the remedies identified in this provision were in addition to all other remedies available in the tariff.

TARIFF COGENSPP I
(Cogeneration and/or Small Power Production - 100KW or Less)

ADDITIONAL CHARGES

There shall be additional charges to cover the cost of special metering, safety equipment and other local facilities installed by the Company due to COGENSPP facilities, as follows:

Monthly Metering Charge

The additional monthly charge for special metering facilities shall be as follows:

Option 1 - Not Applicable. Where the customer does not sell electricity to the Company, a meter shall be used on the energy meter to prevent reverse rotation. The cost of such meter attachment shall be paid by the customer as part of the usual facilities charge.

Options 2 & 3 - Where meters are used to measure the excess or total energy and average on-peak capacity purchased by the Company:

	Single Phase	Polyphase
Standard Measurement	\$ 6.75 \$ 8.50	\$ 7.75 \$ 11.10
T.O.D. Measurement	\$ 7.15 \$ 9.05	\$ 8.15 \$ 11.40

The Company eliminated the requirement that the customer install and pay a monthly facilities charge for a meter under Option 1.

MONTHLY CREDITS OR PAYMENTS FOR ENERGY AND CAPACITY DELIVERIES

Energy Credit

The following credits or payments to the Company to the customer shall apply to the electrical energy delivered to the Company:

Standard Meter - All KWH	0.59¢ 3.79¢ KWH
T.O.D. Meter:	
On-Peak KWH	0.66¢ 4.64¢ KWH
Off-Peak KWH	0.70¢ 3.16¢ KWH

Capacity Credit

If the customer contracts to deliver or produce a specified excess or total average capacity during the monthly billing period (monthly contract capacity), or a specified excess or total average capacity during the on-peak monthly billing period (on-peak contract capacity), then the following capacity credits or payment from the Company to the customer shall apply:

If standard energy meters are used,

- A. \$ 2.54 3.70 KWH/month, times the lowest of:
- monthly contract capacity, or
 - current month metered average capacity, i.e., KWH delivered to the Company or produced by COGENSPP facilities divided by 730, or
 - lowest average capacity metered during the previous two months if less than monthly contract capacity.

If T.O.D. energy meters are used,

- B. \$6.82 8.87 KWH/month, times the lowest of:
- on-peak contract capacity, or
 - current month on-peak metered average capacity, i.e., on-peak KWH delivered to the Company or produced by COGENSPP facilities divided by 927, 765 or
 - lowest on-peak average capacity metered during the previous two months, if less than on-peak contract capacity.

The above energy and capacity credit rates are subject to revisions from time to time as approved by the Commission.

TARIFF COGENSPP II
(Cogeneration and/or Small Power Production - Over 100KW)

ADDITIONAL CHARGES

There shall be additional charges to cover the cost of special metering, safety equipment and other local facilities installed by the Company due to COGENSPP facilities, as follows:

Monthly Metering Charge

The additional monthly charge for special metering facilities shall be as follows:

Option 1 - Not Applicable. Where the customer does not sell electricity to the Company, a meter shall be used on the energy meter to prevent reverse rotation. The cost of such meter attachment shall be paid by the customer as part of the usual facilities charge.

Options 2 & 3 - Where meters are used to measure the excess or total energy and average on-peak capacity purchased by the Company:

	Single Phase	Polyphase
Standard Measurement	\$ 6.75 \$ 8.50	\$ 7.75 \$ 11.10
T.O.D. Measurement	\$ 7.15 \$ 9.05	\$ 8.15 \$ 11.40

The Company eliminated the requirement that the customer install and pay a monthly facilities charge for a meter under Option 1.

RIDER A.F.S.
(Alternate Feed Service Rider)

TRANSFER SWITCH PROVISION

Existing AFS customers, who receive basic service at primary voltage and are served via a Company-owned transfer switch and control module, may elect for the Company to continue ownership of the transfer switch. When the Company-owned transfer switch and/or control module require replacement, and the customer desires to continue the AFS, the customer shall pay the Company the total cost to replace such equipment which shall be greater up for taxes and state taxes, assessment fees and gross receipt taxes. In addition, the customer shall pay a monthly rate of \$49.50 (\$14.25 for the Company to actually test the transfer switch/control module and the customer shall reimburse the Company for the actual costs involved in maintaining the Company-owned transfer switch and control module.

MONTHLY AFS CAPACITY RESERVATION DEMAND CHARGE

The Monthly AFS Capacity Reservation Demand Charge for the reservation of distribution station and primary lines is \$448.5625 per kW.

TARIFF P.P.A.
(Purchase Power Adjustment)

RATE

The Company modified the tariff provision and the monthly rate formula to allow the Company to recover the full cost of purchased power unrelated to forecast generation or transmission outages:

2. The net costs of any power purchased shall exclude costs recovered through the Fuel Adjustment Clause and shall be computed as the sum of the following items:

- a. PPA(n) = The cost of power purchased by the Company through a new Purchase Power Agreement (PPA). All new PPAs shall be approved by the Commission to the extent required by ICRS 27B.300.
- b. R(n) = The cost of fuel related electricity generation less the cost of fuel which would have been used in plants selling fossil generation or transmission contracts.
- c. PE(n) = The cost of power purchased unrelated to forecast generation or transmission outages that are calculated in accordance with the peaking unit equivalent methodology.
- d. CSR(P) = The cost of any credits provided to customers under Tariff G.S.-I.R.P. for interruptible service.

$$\text{Monthly P(n)} = \text{PPA(n)} + \text{R(n)} - \text{PE(n)} - \text{CSR(P)}$$

TARIFF A.T.R.
(Asset Transfer Rider)

RATE

The Company modified this provision to clarify that this rider will remain in effect until the Company recovers during the year new base rates are set the pro rata share of the \$44 million annual revenue requirement under Tariff A.T.R. The Company has updated the descriptive language in each customer class tariff where the Tariff A.T.R. applies.

TARIFF E.D.R.
(Economic Development Rider)

The Company submitted the proposed Economic Development Rider to the Commission for its approval in Case No. 2014-00335. Upon a final order in that case, the Company will make any necessary revisions to this tariff pursuant to the Commission's order.

NEW TARIFFS

Kentucky Power is proposing the following new tariffs. For each customer class tariff where these new tariffs apply, language has been added to identify their applicability.

TARIFF I.G.S.
(Industrial General Service)

AVAILABILITY OF SERVICE

Available for commercial and industrial customers with contract demands of at least 1,000 KW. Customers shall contract for a definite amount of electrical capacity in kilowatts, which shall be sufficient to meet normal maximum requirements.

RATE

	Secondary	Primary	Service Voltage Subtransmission	Transmission
Tariff Code	558	258/270	358/371	260/272
Service Charge per month	\$278.00	\$278.00	\$794.00	\$1,353.00
Demand Charge per KW of monthly on-peak billing demand	\$ 20.69	\$ 17.46	\$ 16.74	\$ 18.45
CI monthly off-peak billing demand	\$ 1.13	\$ 1.10	\$ 1.59	\$ 1.87
Energy Charge per KWH	3.296¢	3.273¢	3.242¢	3.204¢

Reactive Demand Charge for each kilovar of maximum leading or lagging reactive demand in excess of 50 percent of the KW of monthly metered demand: \$0.59/KVAR

For the purpose of this tariff, the on-peak billing period is defined as 7:00 AM to 3:00 PM for all weekdays, Monday through Friday. The off-peak billing period is defined as 9:00 PM to 7:00 AM for all weekdays and all hours of Saturday and Sunday.

MINIMUM DEMAND CHARGE

The minimum demand charge shall be equal to the minimum billing demand times the following minimum demand rates:

Secondary	Primary	Subtransmission	Transmission
\$22.00/KW	\$18.00/KW	\$ 2.07/KW	\$11.75/KW

The minimum billing demand shall be the greater of 50% of the contract capacity set forth on the contract for electric service or 50% of the highest billing demand, on-peak or off-peak, recorded during the previous eleven months.

MINIMUM CHARGE

This tariff is subject to a minimum charge equal to the Service Charge plus the Minimum Demand Charge.

FUEL ADJUSTMENT CLAUSE

Bills computed according to the rates set forth herein will be increased or decreased by a Fuel Adjustment Factor per KWH calculated in compliance with the Fuel Adjustment Clause contained in Sheet Nos. 5-1 and 5-2 of this Tariff Schedule.

SYSTEM SALES CLAUSE

Bills computed according to the rates set forth herein will be increased or decreased by a System Sales Factor per KWH calculated in compliance with the System Sales Clause contained in Sheet Nos. 19-1 and 19-2 of this Tariff Schedule.

DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE

Bills computed according to the rates set forth herein will be increased or decreased by a Demand-Side Management Adjustment Factor per KWH calculated in compliance with the Demand-Side Management Adjustment Clause contained in Sheet Nos. 22-1 through 22-13 of this Tariff Schedule, unless the customer is an industrial who has elected to opt-out in accordance with the terms pursuant to the Commission's Order in Case No. 05-467.

ASSET TRANSFER RIDER

Bills computed according to the rates set forth herein will be increased or decreased by an Asset Transfer Adjustment Factor based on a percent of revenue in compliance with the Asset Transfer Rider contained in Sheet Nos. 36-1 through 36-2 of this Tariff Schedule. The Asset Transfer Adjustment Factor will be applied to bills until such time as the pro rata amount (computed on a 365-day annual basis) authorized to be recovered via Tariff A.T.R. in the Settlement and Settlement Agreement, approved as modified by the Commission by its order dated October 7, 2013 in Case No. 2012-00578, has been recovered.

BIG SANDY RETIREMENT RIDER

Bills computed according to the rates set forth herein will be increased or decreased by a Big Sandy Retirement Rider Adjustment Factor based on a percent of revenue in compliance with the Big Sandy Retirement Rider contained in Sheet No. 38-1 through 38-2 of this Tariff Schedule.

BIG SANDY OPERATION RIDER

Bills computed according to the rates set forth herein will be increased or decreased by a Big Sandy 1 Operation Rider Adjustment Factor per KW and/or KWh calculated in compliance with the Big Sandy 1 Operation Rider contained in Sheet Nos. 58-1 through 58-2 of this Tariff Schedule.

PURCHASE POWER ADJUSTMENT

Bills computed according to the rates set forth herein will be increased or decreased by a Purchase Power Adjustment Factor based on a percent of revenue in compliance with the Purchase Power Adjustment contained in Sheet No. 35-1 of this Tariff Schedule.

ENVIRONMENTAL SURCHARGE

Bills computed according to the rates set forth herein will be increased or decreased by an Environmental Surcharge adjustment based on a percent of revenue in compliance with the Environmental Surcharge contained in Sheet Nos. 29-1 through 29-5 of the Tariff Schedule.

CAPACITY CHARGE

Bills computed according to the rates set forth herein will be increased by a Capacity Charge Factor per KWH calculated

in compliance with the Capacity Charge Tariff contained in Sheet No. 28-1 through 28-2 of this Tariff Schedule.

PJM RIDER

Bills computed according to the rates set forth herein will be increased or decreased by a PJM Rider per KW and/or KWh calculated in compliance with the PJM Rider contained in Sheet Nos. 24-1 through 24-3 of this Tariff Schedule.

KENTUCKY ECONOMIC DEVELOPMENT SURCHARGE

Applicable to all customers. Bills computed according to the rates set forth herein shall be increased by a KEDS charge of \$0.15 per month and shall be shown on the customer's bills as a separate line item. The KEDS charge will be applied to all customer electric bills rendered during the billing cycles commencing July 2015 and continue until otherwise directed by the Public Service Commission.

HOME ENERGY ASSISTANCE PROGRAM (HEAP) CHARGE

Applicable to all residential customers. Bills computed according to the rates set forth herein shall be increased by a HEAP charge of 1¢ per meter per month and shall be shown on the residential customer's bill as a separate line item. The Home Energy Assistance Program charge will be applied to all residential electric bills rendered during the billing cycles commencing July 2010 and continue until otherwise directed by the Public Service Commission.

NERC COMPLIANCE AND CYBERSECURITY RIDER

Bills computed according to the rates set forth herein will be increased or decreased by a NERC Compliance and Cybersecurity Rider Adjustment Factor per KW and/or KWh calculated in compliance with the NERC Compliance Cybersecurity Rider contained in Sheet Nos. 40-1 through 40-3 of this Tariff Schedule.

DELAVER PAYMENT CHARGE

Bills under this tariff are due and payable within (ten) (10) days of the mailing date. On all accounts not paid in full by the next billing date, an additional charge of 5% of the unpaid portion will be made.

METERED VOLTAGE

The rates set forth in this tariff are based upon the delivery and measurement of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulae to calculate losses or the application of multipliers to the metered quantities. In such cases, the metered KWH and KVA values will be adjusted for billing purposes. If the Company elects to adjust KWH and KVA based on multipliers, the adjustment shall be in accordance with the following:

- (1) Measurements taken at the low-side of a Customer-owned transformer will be multiplied by 1.01.
- (2) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.95.

MONTHLY BILLING DEMAND

The monthly on-peak and off-peak billing demands in KW shall be taken each month as the highest single 15-minute integrated peak in KW as registered by a demand meter during its on-peak and off-peak billing periods, respectively.

The reactive demand in KVARs shall be taken each month as the highest single 15-minute integrated peak in KVARs as registered during the month by a demand meter or indicator.

TERM OF CONTRACT

Contracts under this tariff will be made for an initial period of not less than two years and shall remain in effect thereafter until either party shall give at least 12 months' written notice to the other of its intention to terminate the contract. The Company reserves the right to require initial contracts for periods greater than two years.

A new initial contract period will not be required for existing customers who change their contract requirements after the original initial period unless new or additional facilities are required.

CONTRACT CAPACITY

The Customer shall set forth the amount of capacity contracted for (the "contract capacity") in an amount equal to or greater than 1,000 KW in multiples of 100 KW. The Company is not required to supply capacity in excess of such contract capacity except with express written consent of the Company.

SPECIAL TERMS AND CONDITIONS

This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is available for resale service to mining and industrial Customers who furnish service to Customer-owned camps or villages where billing quarters are rented to employees and where the Customer purchases power at a single point for both the power and camp requirements.

This tariff is also available to Customers having other sources of energy supply, but who desire to purchase standby or back-up electric service from the Company. Where such conditions exist the Customer shall contract for the maximum amount of demand in KW which the Company might be required to furnish, but not less than 1,000 KW. The Company shall be obligated to supply demands in excess of that contracted capacity. Where service is applied under the provisions of this paragraph, the billing demand each month shall be the highest (determined for the current and previous two billing periods, and the minimum charge shall be as set forth under paragraph "Minimum Charge" above.

A Customer's plant is considered as one or more buildings, which are served by a single electrical distribution system provided and operated by the Customer. When the size of the Customer's load necessitates the delivery of energy to the Customer's plant over more than one circuit, the Company may elect to contract, to circuits at different points on it if a Customer's system irrespective of contrary provisions in Terms and Conditions of Service.

Customer with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP or by special agreement with the Company.

TARIFF P.M.R.
(PJM Rider)

APPLICABLE:

To Tariffs R.S., R.S.-M.T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D. 2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., I.O.S., G.S.-I.R.P., M.W., O.L., and S.L.

RATES: (Tariff Code 359)

Tariff Class	¢/kWh	\$/kW
R.S., R.S.-M.T.O.D., R.S.-T.O.D., and Experimental R.S.-T.O.D. 2	0.0000	-
S.G.S. and S.G.S.-T.O.D.	0.0000	-
M.G.S.	0.0000	0.00
M.G.S. Recreational Lighting, M.G.S.-M.T.O.D., and M.G.S.-T.O.D.	0.0000	-
L.G.S. and L.G.S.-T.O.D.	0.0000	0.00
L.G.S.-M.T.O.D.	0.0000	0.00
I.O.S. and G.S.-I.R.P.	0.0000	0.00
M.W.	0.0000	-
O.L.	0.0000	-
S.L.	0.0000	-

The KW adjustment factor as calculated above will be applied to all billing hours-hours for these tariff classes listed above. The KW adjustment factor as calculated above will be applied to all on-peak and minimum billing demand KW for the MGS, LGS and IGS tariff classes.

The PJM Rider adjustment factor shall be modified annually to reflect the difference between the approved base level of PJM charges and credits and the PJM charges and credits actually experienced.

The PJM Rider adjustment factor shall be determined as follows:

$$\text{For all tariff classes without demand billing: } \text{PJM} = \frac{\text{PJM} \times (\text{BEClass} / \text{BETotal}) - \text{PJM} \times (\text{CPClass} / \text{CPTotal})}{\text{BEClass}}$$

$$\text{KW Adjustment Factor} = 0$$

$$\text{For all tariff classes with demand billing: } \text{PJM} = \frac{\text{PJM} \times (\text{BEClass} / \text{BETotal})}{\text{BEClass}}$$

$$\text{KW Adjustment Factor} = \frac{\text{PJM} \times (\text{CPClass} / \text{CPTotal})}{\text{CPClass}}$$

Where:

- 1. "PJM" is the actual (over)under recovery of annual retail PJM demand-related net costs; calculated by comparing the amount of PJM demand-related net costs in base rates to those retail PJM demand-related net costs actually incurred during the review period.
- 2. "PJM" is the actual (over)under recovery of annual retail PJM energy-related net costs; calculated by comparing the amount of PJM energy-related net costs in base rates to those retail PJM energy-related net costs actually incurred during the review period.
- 3. "BEClass" is the historic annual retail (retail) demand billing KW for each tariff class for the current year.
- 4. "BETotal" is the historic annual retail (retail) demand billing KW for each applicable tariff class for the current year.
- 5. "CPClass" is the coincident peak demand for each tariff class estimated as follows:

Tariff Class (1)	BEClass (2)	CPA/Wk Rate (3)	CPClass (4)=(2)x(3)
R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., and Experimental R.S.-T.O.D. 2		0.023600%	
S.G.S. and S.G.S.-T.O.D.		0.013300%	
M.G.S.		0.017700%	
M.G.S. Recreational Lighting			
M.G.S.-L.M.-T.O.D., and M.G.S.-T.O.D.		0.017700%	
L.G.S. and L.G.S.-T.O.D.		0.016931%	
L.G.S.-L.M.-T.O.D.		0.016931%	
L.G.S. and C.S.-LRP		0.015629%	
M.W.		0.0154057%	
O.L.		0.009431%	
S.L.		0.005899%	
	BETotal		CPTotal

- "BETotal" is the sum of the BEClass for all tariff classes.
- "CPTotal" is the sum of the CPClass for all tariff classes.

The adjustment factor as computed above shall be further modified to allow the recovery of Uncollectible Accounts Expense of 0.3% and the KPSC Maintenance Fee of 0.1952% and other similar revenue based taxes or assessments occasioned by the PJM Rider adjustment revenues.

The annual PJM Rider shall be filed with the Commission on ten (10) days before it is scheduled to go into effect, along with all necessary supporting data to justify the amount of the adjustments, which shall include data and information as may be required by the Commission.

Copies of all documents required to be filed with the Commission shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.

RIDER B.S.R.R.
(Big Sandy Retirement Rider)

APPLICABLE

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D. 2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., L.G.S.-L.M.-T.O.D., M.W., O.L., and S.L.

RATE

1. Pursuant to the final order of the Kentucky Public Service Commission in Case No. 2012-00578 and the Stipulation and Settlement Agreement dated July 2, 2013 as filed and approved by the Commission, Kentucky Power Company is to recover from retail revenues the coal-related retirement costs of Big Sandy Unit 1, the retirement costs of Big Sandy Unit 2 and other site-related retirement costs that will not continue in use on a levelized basis, including a weighted average cost of capital (WACC) carrying cost over a 25 year period beginning when new base rates are set for the Company that include March Jobs 1 and 2. The term "Retirement Costs" as used in this agreement are defined as and shall include the net book value, materials and supplies that cannot be used economically at other plants owned by Kentucky Power, and removal costs and salvage credits, net of related ADIT. Related ADIT shall include the tax benefits from tax abandonment losses.

2. The allocation of the levied revenue requirement (LRR) between residential and all other customers shall be based upon their respective contribution to total revenues for the most recent calendar twelve month period, according to the following formula:

$$\text{Residential Allocation RA}(m) = \text{LRR}(m) \times \frac{\text{KY Residential Retail Revenue RR}(m)}{\text{KY Retail Revenue R}(m)}$$

$$\text{All Other Allocation OA}(m) = \text{LRR}(m) \times \frac{\text{KY All Other Classes Retail Revenue OR}(m)}{\text{KY Retail Revenue R}(m)}$$

Where:
(m) = the expense month;
(b) = Most recent available twelve calendar-month period ended December 31.

3. The Residential Asset Transfer Adjustment shall provide for monthly adjustments based on a percent of total revenues, according to the following formula:

$$\text{Residential Asset Transfer Adjustment Factor} = \frac{\text{Net Monthly Residential Allocation NRA}(m)}{\text{Residential Retail Revenue RR}(m)}$$

Where:
Net Monthly Residential Allocation NRA(m) = Monthly Residential Allocation RA(m), net of Over/Under Recovery Adjustment;

$$\text{Residential Retail Revenue RR}(m) = \text{Monthly Retail Revenue for all KY residential classes for the expense month (m).}$$

4. The All Other Classes Asset Transfer Adjustment shall provide for monthly adjustments based on a percent of non-fuel revenues, according to the following formula:

$$\text{All Other Classes Asset Transfer Adjustment Factor} = \frac{\text{Net Monthly All Other Allocation NOA}(m)}{\text{All Other Classes Non-Fuel Retail Revenue OR}(m)}$$

Where:
Net Monthly All Other Allocation NOA(m) = Monthly All Other Allocation OA(m), net of Over/Under Recovery Adjustment;

$$\text{All Other Classes Non-Fuel Retail Revenue OR}(m) = \text{Monthly Non-Fuel Retail Revenue for all classes other than residential for the expense month (m).}$$

5. The monthly Big Sandy Retirement Rider adjustments shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all necessary supporting data to justify the amount of the adjustments, which shall include data and information as may be required by the Commission.

6. Copies of all documents required to be filed with the Commission shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.

RIDER B.S.O.R.
(Big Sandy 1 Operation Rider)

APPLICABLE

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D. 2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., L.G.S.-L.M.-T.O.D., M.W., O.L., and S.L.

RATES

Tariff Class	\$/kWh	\$/kW
R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., and Experimental R.S.-T.O.D. 2	\$0.00330	-
S.G.S. and S.G.S.-T.O.D.	\$0.00272	-
M.G.S.	\$0.00141	\$0.34
M.G.S. Recreational Lighting	\$0.00283	-
L.G.S. and L.G.S.-T.O.D.	\$0.00139	\$0.45
L.G.S.-L.M.-T.O.D.	\$0.00273	-
L.G.S. and C.S.-LRP	\$0.00139	\$0.55
M.W.	\$0.00249	-
O.L.	\$0.00147	-
S.L.	\$0.00147	-

Tariff BS1OR includes all non-fuel operating expenses related to Big Sandy Unit 1 not otherwise included in Tariff B.S.C. or Tariff P.A.C. Tariff BS1OR shall also include a return on and of Big Sandy Unit 1 gas conversion capital when placed in service.

The kWh factor as calculated above will be applied to all billing kilowatt-hours for those tariff classes listed above. The kW factor as calculated above will be applied to all on-peak and minimum billing demand kW for the MGS, LGS, and LGS tariff classes.

The Big Sandy Unit 1 Operation Rider factors shall be modified annually to collect the approved annual level of Kentucky retail jurisdictional Big Sandy Unit 1 revenue requirement and any prior review period (over/under recovery).

The Big Sandy Unit 1 Operation Rider factors shall be determined as follows:

For all tariff classes without demand billing:

$$\text{kWh Factor} = \frac{\text{BS1E} \times (\text{BEClass} / \text{BETotal}) + \text{BS1D} \times (\text{CPClass} / \text{CPTotal})}{\text{BEClass}}$$

$$\text{kW Factor} = 0$$

For all tariff classes with demand billing:

$$\text{kWh Factor} = \frac{\text{BS1E} \times (\text{BEClass} / \text{BETotal})}{\text{BEClass}}$$

$$\text{kW Factor} = \frac{\text{BS1D} \times (\text{CPClass} / \text{CPTotal})}{\text{BDClass}}$$

- Where:
- "BS1D" is the actual annual retail Big Sandy Unit 1 demand-related costs, plus any prior review period (over/under recovery).
 - "BS1E" is the actual annual retail Big Sandy Unit 1 energy-related costs, plus any prior review period (over/under recovery).
 - "BEClass" is the historic annual retail jurisdictional billing kWh for each tariff class for the current year.
 - "BDClass" is the historic annual retail jurisdictional billing kW for each applicable tariff class for the current year.
 - "CPClass" is the coincident peak demand for each tariff class estimated as follows:

Tariff Class (1)	BEClass (2)	CPA/Wk Rate (3)	CPClass (4)=(2)x(3)
R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., and Experimental R.S.-T.O.D. 2		0.023600%	
S.G.S. and S.G.S.-T.O.D.		0.013300%	
M.G.S.		0.017700%	
M.G.S. Recreational Lighting			
M.G.S.-L.M.-T.O.D., and M.G.S.-T.O.D.		0.017700%	
L.G.S. and L.G.S.-T.O.D.		0.016931%	
L.G.S.-L.M.-T.O.D.		0.016931%	
L.G.S. and C.S.-LRP		0.015629%	
M.W.		0.0154057%	
O.L.		0.009431%	
S.L.		0.005899%	
	BETotal		CPTotal

- "BETotal" is the sum of the BEClass for all tariff classes.
- "CPTotal" is the sum of the CPClass for all tariff classes.

The factors as computed above are calculated to allow the recovery of Uncollectible Accounts Expense of 0.3% and the KPSC Maintenance Fee of 0.1952% and other similar revenue based taxes or assessments occasioned by the Big Sandy Unit 1 Operation Rider revenues.

The annual Big Sandy Unit 1 Operation Rider factors shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all necessary supporting data to justify the amount of the adjustments, which shall include data and information as may be required by the Commission.

Copies of all documents required to be filed with the Commission shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.

RIDER N.C.C.R.
(NERC Compliance and Cybersecurity Rider)

APPLICABLE

To Tariffs R.S., R.S.-L.M.-T.O.D., Experimental R.S.-T.O.D. 2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., L.G.S.-L.M.-T.O.D., M.W., O.L., and S.L.

RATES

Tariff Class	\$/kWh	\$/kW
R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., and Experimental R.S.-T.O.D. 2	0.0000	-
S.G.S. and S.G.S.-T.O.D.	0.0000	-
M.G.S.	0.0000	0.00
M.G.S. Recreational Lighting	0.0000	-
L.G.S. and L.G.S.-T.O.D.	0.0000	0.00
L.G.S.-L.M.-T.O.D.	0.0000	0.00
L.G.S. and C.S.-LRP	0.0000	0.00
M.W.	0.0000	-
O.L.	0.0000	-
S.L.	0.0000	-

The kWh adjustment factor as calculated above will be applied to all billing kilowatt-hours for those tariff classes listed above. The kW adjustment factor as calculated above will be applied to all on-peak and minimum billing demand kW for the MGS, LGS and KGS tariff classes.

The NERC Compliance and Cybersecurity Rider adjustment factors shall be modified annually to collect the Commission's approved annual level of Kentucky retail jurisdictional NERC Compliance and Cybersecurity expenses and any prior review period (over/under recovery).

The NERC Compliance and Cybersecurity Rider adjustment factors shall be determined as follows:

For all tariff classes without demand billing:

$$\text{kWh Adjustment Factor} = \frac{\text{NCE} \times (\text{BEClass} / \text{BETotal}) + \text{NCD} \times (\text{CPClass} / \text{CPTotal})}{\text{BEClass}}$$

$$\text{kW Adjustment Factor} = 0$$

For all tariff classes with demand billing:

$$\text{kWh Adjustment Factor} = \frac{\text{NCE} \times (\text{BEClass} / \text{BETotal})}{\text{BEClass}}$$

$$\text{kW Adjustment Factor} = \frac{\text{NCD} \times (\text{CPClass} / \text{CPTotal})}{\text{BDClass}}$$

Where:

- "NCE" is the actual annual retail NERC Compliance and Cybersecurity demand-related costs, plus any prior review period (over/under recovery).
- "NCD" is the actual annual retail NERC Compliance and Cybersecurity energy-related costs, plus any prior review period (over/under recovery).
- "BEClass" is the historic annual retail jurisdictional billing kWh for each tariff class for the current year.
- "BDClass" is the historic annual retail jurisdictional billing kW for each applicable tariff class for the current year.
- "CPClass" is the coincident peak demand for each tariff class estimated as follows:

Tariff Class (1)	BEClass (2)	CPA/Wk Rate (3)	CPClass (4)=(2)x(3)
R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., and Experimental R.S.-T.O.D. 2		0.023600%	
S.G.S. and S.G.S.-T.O.D.		0.013300%	
M.G.S.		0.017700%	
M.G.S. Recreational Lighting			
M.G.S.-L.M.-T.O.D., and M.G.S.-T.O.D.		0.017700%	
L.G.S. and L.G.S.-T.O.D.		0.016931%	
L.G.S.-L.M.-T.O.D.		0.016931%	
L.G.S. and C.S.-LRP		0.015629%	
M.W.		0.0154057%	
O.L.		0.009431%	
S.L.		0.005899%	
	BETotal		CPTotal

- "BETotal" is the sum of the BEClass for all tariff classes.
- "CPTotal" is the sum of the CPClass for all tariff classes.

The adjustment factor as computed above shall be further modified to allow the recovery of Uncollectible Accounts Expense of 0.3% and the KPSC Maintenance Fee of 0.1952% and other similar revenue based taxes or assessments occasioned by the NERC Compliance and Cybersecurity Rider adjustment revenues.

The initial NERC Compliance and Cybersecurity Rider adjustment factors shall be filed with the Commission six (6) months before the initial rates are scheduled to go into effect and ten (10) days before any subsequent annual rate adjustments are scheduled to go into effect, along with all necessary supporting data to justify the amount of the adjustments, which shall include data and information as may be required by the Commission.

Copies of all documents required to be filed with the Commission shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.

EFFECT OF PROPOSED CHANGE IN CUSTOMER RATES

If approved as filed, the Company's proposed changes to its rates and tariffs will result in a proposed annual increase in electric revenues for Kentucky Power of approximately 12.48%. Kentucky Power's proposal includes a proposed Transmission Adjustment which adjusts customers' charges based upon the wholesale cost of transmission. If that adjustment is not approved, and the remainder of the application is approved as filed, Kentucky Power's proposed annual rate increase in electric revenues will be approximately 12.51%.

The estimated annual revenue increase per customer class, with and without the proposed Transmission Adjustment Tariff is as follows:

Customer Class/Service	Current Revenue	With Transmission Adjustment			Without Transmission Adjustment		
		Proposed Revenue	Proposed Increase	Percent Change	Proposed Revenue	Proposed Increase	Percent Change
R.S.	\$ 233,149,574	\$ 257,091,060	\$26,941,486	18.04%	\$ 259,157,150	\$26,016,550	12.61%
S.G.S.	\$ 19,511,344	\$ 21,651,266	\$2,139,922	10.44%	\$ 22,294,895	\$2,683,551	13.69%
M.G.S.	\$ 59,877,941	\$ 61,945,815	\$ 2,067,874	8.33%	\$ 61,517,142	\$ 1,639,201	13.14%
L.G.S.	\$ 79,569,338	\$ 78,000,563	\$ 7,420,925	10.53%	\$ 79,820,818	\$ 2,251,480	13.12%
M.W.	\$ 364,284	\$ 395,063	\$ 30,779	8.45%	\$ 469,878	\$ 45,594	12.52%
C.P.*	\$ 54,129,567	\$ 52,282,125	\$ 1,152,258	15.03%	\$ 63,610,634	\$ 9,481,507	17.52%
C.L.P.							
-T.O.D.*	\$ 117,423,244	\$ 128,738,548	\$ 9,315,302	7.93%	\$ 128,052,815	\$ 10,629,571	9.05%
L.G.S.*	\$ 171,559,110	\$ 189,000,871	\$ 17,441,761	10.17%	\$ 181,882,849	\$ 10,323,739	11.72%
C.S. -							
-LR.P.	No Customers	N/A	N/A	N/A	N/A	N/A	N/A
O.L.	\$ 7,258,325	\$ 8,191,238	\$ 932,913	12.86%	\$ 8,198,601	\$ 940,276	12.99%
S.L.	\$ 1,422,710	\$ 1,693,636	\$ 270,926	13.14%	\$ 1,812,485	\$ 389,775	13.34%
C.A.T.V.							
2 User	\$ 131,181	\$ 131,181	\$ 0	0.00%	\$ 131,181	\$ 0	0.00%
C.A.T.V.							
3 User	\$ 399,788	\$ 399,788	\$ 0	0.00%	\$ 399,788	\$ 0	0.00%
COGEN							
SPPI	No Customers	N/A	N/A	N/A	N/A	N/A	N/A
COGEN							
SPPI	No Customers	N/A	N/A	N/A	N/A	N/A	N/A

* - The italicized values above are illustrative only. In accordance with the Stipulation and Settlement Agreement approved by the Commission in Case No. 2012-00578, the Company is proposing to combine the current Tariff C.L.P. and Tariff C.L.P.-T.O.D. into a new Tariff L.G.S. The "proposed revenue," "proposed increase," and "percent change" values shown above for the C.P. and C.L.P.-T.O.D. classes are illustrative and reflect the application of the proposed Tariff L.G.S. rates to customers currently billing service under Tariff C.P. and Tariff C.L.P.-T.O.D. Because Kentucky Power is proposing to eliminate Tariff C.P. and Tariff C.L.P.-T.O.D. classes, service will not be available under those classes if the Company's application is approved. In that case, customers currently receiving service under Tariff C.P. and Tariff C.L.P.-T.O.D. will only be offered service under Tariff L.G.S. The "current revenue" value shown for Tariff L.G.S., which currently is not authorized, likewise is for illustrative purposes.

The average monthly bill for each customer class to which the proposed electric rates will apply will increase approximately as follows:

Tariff Class	Average Customer Usage (kWh)	Average Demand (kW)	With Transmission Adjustment			Without Transmission Adjustment		
			Present Average Billing	Proposed Average Billing	Average Percent Change	Proposed Average Billing	Average Percent Change	
R.S.	1,282	-	\$158.87	\$183.52	\$22.25	\$158.18	\$17.48	
S.G.S.	406	-	\$68.60	\$75.74	\$7.13	\$77.90	\$9.33	
M.G.S.	5,866	25	\$691.53	\$738.27	\$58.74	\$771.08	\$89.53	
L.G.S.	89,899	213	\$6,870.10	\$7,593.51	\$723.42	\$7,771.57	\$801.48	
M.W.	29,273	-	\$2,759.73	\$2,993.05	\$233.32	\$3,165.14	\$345.41	
C.P.*	825,567	2,063	\$58,578.08	\$7,363.25	\$8,894.39	\$8,942.98	\$16,883.82	
C.L.P.								
-T.O.D.*	15,578,833	28,385	\$889,570.03	\$962,140.50	\$70,570.47	\$970,691.02	\$80,521.00	
L.G.S.*	2,669,721	5,105	\$182,452.78	\$178,377.31	\$19,525.15	\$181,488.72	\$19,045.56	
C.S. -								
-LR.P.	No Customers	N/A	N/A	N/A	N/A	N/A	N/A	
O.L.	65	-	\$12.79	\$14.44	\$1.65	\$14.45	\$1.66	
S.L.	12,188	-	\$2,117.13	\$2,295.38	\$278.25	\$2,399.50	\$282.37	
C.A.T.V.								
2 User	18,539	N/A	\$131,181	\$0.00	\$0.00	\$0.00	\$0.00	
C.A.T.V.								
3 User	61,283	N/A	\$399,788	\$0.00	\$0.00	\$0.00	\$0.00	
COGEN								
SPPI	No Customers	N/A	N/A	N/A	N/A	N/A	N/A	
COGEN								
SPPI	No Customers	N/A	N/A	N/A	N/A	N/A	N/A	

* - The italicized values above are illustrative only. In accordance with the Stipulation and Settlement Agreement approved by the Commission in Case No. 2012-00578, the Company is proposing to combine the current Tariff C.P. and Tariff C.L.P.-T.O.D. into a new Tariff L.G.S. The "proposed average billing," "average billing change," and "average percent change" values shown above for the C.P. and C.L.P.-T.O.D. classes are illustrative and reflect the application of the proposed Tariff L.G.S. rates to customers currently billing service under Tariff C.P. and Tariff C.L.P.-T.O.D. Because Kentucky Power is proposing to eliminate Tariff C.P. and Tariff C.L.P.-T.O.D. classes, service will not be available under those classes if the Company's application is approved. In that case, customers currently receiving service under Tariff C.P. and Tariff C.L.P.-T.O.D. will only be offered service under Tariff L.G.S. The "average customer usage," "average customer demand," and "present average billing" values shown for Tariff L.G.S., which currently is not authorized, likewise are for illustrative purposes and they represent the average of a single class combining Tariff C.P. and Tariff C.L.P.-T.O.D.

A copy of Kentucky Power's application, testimony, and any other filings in this case is available for public inspection at Kentucky Power's offices located at 101A Enterprise Drive, Frankfort, KY 40601 with a phone number of 502-686-7011, 12333 Kevly Avenue, Ashland, KY 41102 with a phone number of 505-928-1500; 1400 E. Main St., Hazard, KY 41701 with a phone number of 606-436-1322; and 3248 South Mayo Trail, Shelby, KY 41591 with a phone number of 606-437-3827, and the Company's website: www.kentuckypower.com.

The application, testimony and other related filings are also available for public inspection between the hours of 8:00 a.m. to 4:00 p.m., Monday through Friday, at the Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky. The application, testimony and other related filings may also be found on the Commission's website: <http://pac.ky.gov>.

Written comments on Kentucky Power's application and the proposed rates may be submitted to the Commission by mail to: Public Service Commission, P. O. Box 615, Frankfort, Kentucky 40602-0615 or via the Commission's website: <http://pac.ky.gov>.

The Company is not proposing to modify other rates and charges not included in this Notice. The rates contained in this notice are the rates proposed by Kentucky Power. The Public Service Commission may order rates to be changed that differ from the proposed rates in this notice. Such action by the Commission may result in rates for customers other than the rates contained in this notice.

Any person may submit a timely written request for intervention in Case No. 2014-00293. The motion shall be submitted to the Public Service Commission, P. O. Box 615, Frankfort, Kentucky 40602-0615, and shall establish the grounds for the request, including the status and interest of the party. If the Commission does not receive a written request for intervention within 20 days of the initial publication of this notice, the Commission may take final action on the application.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q42. Please reference the Company's response to AG 1-49(b). This answer is non-responsive. Explain how MWD believes it is proper to use an assumed electric rate increase, since the rate case is still pending before the PSC.

WITNESS: Howard

RESPONSE:

Because the KPC rate increase is pending and will take effect during or within a short time after the conclusion of MWD's case, it can be considered a known and measurable adjustment. Changes in price, when known and measurable and within a relatively short period after the test period, are routinely accepted for rate-making purposes to reflect the most current cost of doing business.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q43. Please reference the Company's response to AG 1-49(c). This answer is non-responsive. Please explain why MWD believes it is an accepted practice to use forecasted electricity rate expenses in a historic test year rate application filing, when the electricity rate case is still pending and has not been ruled upon by the PSC?

WITNESS: Howard

RESPONSE:

Because the KPC rate increase is pending and will take effect during or within a short time after the conclusion of MWD's case, it can be considered a known and measurable adjustment. Changes in price, when known and measurable and within a relatively short period after the test period, are routinely accepted for rate-making purposes to reflect the most current cost of doing business.

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 44 Please reference the Company's response to AG 1-51.

Q 44(a) Provide the education qualifications and/or work resume of Roy Sawyers.

WITNESS: Sawyers

RESPONSE: Please see attached resume noted as Exhibit 44(a).

Q 44(b) Provide the vehicle allowance for Roy Sawyers and describe in detail if MWD allows the vehicle to be used only at work or for personal use as well. If MWD purchased the vehicle for Mr. Sawyers then provide the year, model, make, and purchase price with invoice. Furthermore, explain why a vehicle, if used as a personal vehicle and not exclusively left at work, is a necessary and reasonable cost.

WITNESS: Sawyers

RESPONSE: Mountain Water District pays a car allowance of \$750 per month (\$9,000 annually) to Mr. Sawyers to utilize his personal vehicle for the District's service.

Q 44(c) Provide the cell phone allowance provided for Roy Sawyers and describe in detail if MWD allows the cell phone to be used only for work use or for personal use as well. Furthermore, explain why a cell phone is a necessary and reasonable cost.

WITNESS: Sawyers

RESPONSE: Mountain Water District provides Mr. Sawyers the service of a cell phone. Mr. Sawyers utilizes the phone for District and personal use to a minimum. The necessity of a cell phone allows Mr. Sawyers to be accessible and available to all day to day operations and any emergencies.

Exhibit 44 (a)

Roy Blaine Sawyers

[REDACTED]
[REDACTED]
[REDACTED]

Work History

2011- Present District Administrator, Mountain Water District

Job Description:

Chief Executive Officer responsible for carrying out the Board of Commissioners development and implementation of District goals, objectives, policies and procedures to provide the utmost quality of water and excellent customer service.

Summary of Duties:

Plan, direct, manage and oversee the activities and operations of a large complex rural water system. This system serves approximately 45,000 customers, has approximately 18,000 water service connections and 3000 wastewater service connections. It also distributes approximately 1.2 billion gallons of water per year. Mountain Water District's infrastructure consists of approximately 1000 miles of water mains, 108 water storage tanks, 136 booster pumping stations and 42 regulators.

Duties Performed:

Supervise, coordinate, or assist with the following items:

Plan, organize, and evaluate the work of all District departments to ensure that operations and contractor services comply with local, state, federal laws and regulations, and policies set by the Board of Commissioners.

Member of executive management team to develop short and long term plans, annual budget, capital improvements, procurement compliance and rate studies.

Provide consultation, advice and recommendations for the Board's consideration and adoption.

Represent the District in high level of involvement and interaction with federal, state and local agencies and elected officials, other special district, and professional groups and committees.

Assist local agencies in planning of commercial and industrial growth.

Research and acquire funding from different agencies to perform construction and rehabilitation projects.

Oversee all phases of construction and rehabilitation projects from preliminary design to project completion.

Provide direction for local media, public relations and insure the District's interests are represented with customers, governmental agencies, and the general public.

Direct and oversee the development of Board agendas.

Exercise tact and diplomacy in resolving sensitive inquiries and complaints from customers, citizens, businesses and local agencies.

Confer with outside counsel on legal issues affecting the District.

Review and authorize legal contracts, lease agreements, agreements with other agencies, and other legal and financial documents.

Analyze problems, identify alternative solutions and implement recommendations in support of goals.

Participate in regional and state water and wastewater meetings and conferences to stay informed of trends, technology, and regulations related to District operations.

2006 – 2011 ***Transportation Engineering Technologist III, Kentucky Transportation Cabinet***

Job Description:

Encroachment Permits Inspector for the Kentucky Department of Highways located in District Twelve.

Summary of Duties:

Responsible for all aspects of reviewing, processing, and coordinating Encroachment Permits within the Commonwealth's right-of-way. Responsible for monitoring the Commonwealth's right-of-way along all roadways for illegal encroachments.

Duties Performed:

Supervise, inspect, coordinate, and assist with the following items:

Responsible for processing and reviewing each step of the Encroachment Permit Application from Applicant submittal until final approval from Chief District Engineer. Review process including: 1.) Preconstruction Planning, 2.) Encroachment Permit Application, 3.) Encroachment Indemnity Bond, 4.) Highway Roadway Plans, 5.) Review Technical and Site Plans, 6.) Document KPDES Permit, 7.) Document Division of Water Permit, 8.) Planning Board, 9.) Traffic Control, 10.) Final Completion Inspection, 11.) Bond Release Monitor, report, and correspond all progress with Maintenance Engineer and Permits Engineer. Review and process all revisions to the permits.

Coordinate all site meetings, research highway road plans, and perform deed research.

Responsible for applicants or contractors maintaining compliance with permit regulations, traffic control, erosion control, and all permit procedures.

Monitor illegal encroachment activity

Coordinate survey crew to locate right-of-way in areas of illegal encroachments.

2005 - 2006 ***Construction Inspector, Wilbur Smith Associates***

Job Description:

Member of CEI Team (Civil Engineering Inspection) involved in the largest road construction project in TDOT history called SmartFIX 40. Performed inspections of water and sanitary sewer line relocations on Phase I and Phase II of this project which included relocation of utilities along Interstate 40 in Knoxville, TN.

Summary of Duties:

Responsible for supervising, planning, and coordinating water and sanitary sewer projects. Responsible for directing contractors in operations and maintaining compliance with traffic control, erosion control, regulations, and procedures for water and sewer line installation.

Duties Performed:

Supervise, inspect, coordinate, and assist with the following items:

Monitor, report, and correspond all progress with engineering firms, agencies, Knoxville Utility Board, and TDOT.

Water line installation (Including bridge installation & insulation)

Sanitary sewer line installation

Water and sewer service line installation

Meter set installation

Road bores and open cut encasement installation

Sanitary sewer manhole installation

Pressure testing sewer lines and manholes

Mandrill test for sewer line

Pressure testing and bacteria sampling for water lines

Leak detection

Daily project reports and correspondence

Weekly quantity logs

Monthly pay estimates

Create as-built drawings for each project

Troubleshoot and solve problems before they arise

2000 - 2005

Resident Inspector, Water Treatment Plant Operator, Mountain Water District

Summary of Duties:

Responsible for supervising, planning, and coordinating water supply projects.

Responsible for directing contractors in operations and maintaining compliance with traffic control, erosion control, regulations, and procedures for water line installation.

Water treatment plant operator.

Duties Performed:

Supervise, inspect, coordinate, and assist with the following items:

Water line installation

Service line installation

Meter set installation

Road bores and open cut encasement installation

Pressure reducing valve (vault) installation

Booster pumping station construction and installation

Water storage tank construction and installation

Telemetry installation

Pressure testing and bacteria sampling

Leak detection

Monitor, report, and correspond all progress with engineering firms and agencies

Daily project reports and correspondence

Weekly quantity logs

Monthly pay estimates

Acquiring right-of-way easements and deed research

Create as-built drawings for each project

Troubleshoot and solve problems before they arise

Water treatment plant operator:

Documented daily conditions

Monitored and reported the following items:

Water treatment plant system

Booster pump stations by telemetry

Water storage tanks by telemetry

Adjusted raw water flow

Adjusted chemical flow

Monitored finished water

Performed chlorine, fluoride, ph, and turbidity analysis

Retrieved samples for regulatory analysis

Transferred chemicals as needed

Backwashed filter beds

General maintenance

1997 – 2000 *Field Technician, Summit Engineering, Inc.*

Summary of Duties:

Responsible for collecting and compiling environmental information for compliance of mining and reclamation permits.

Duties Performed:

Weekly slurry impoundment inspections

Nuclear density compaction tests and reporting

Stockpile density testing

Quarterly and critical stage fill inspections and reports

Quarterly and annual pond inspections and reports

Subsidence surveys

Pre-blast surveys, reports, and water inventory data

Water sampling (ponds, ground water, instreams, storm water events) and monitoring reports

Anniversary reports

Geological sampling and lab work

All field related work

Draftsman

1988 – 1997 *Assistant Geologist, United Coal Company*

Summary of Duties:

Responsible for assisting the geologist in compiling all geologic and environmental data for coal reserve reports and mining permits.

Responsible for compliance with all blasting regulations and reporting procedures.

Responsible for all blast monitoring and the coordination of pre-blast surveys.

Duties Performed:

Pre-blast notifications and blasting schedules
Pre-blast surveys and reports
Blast monitoring and reports
Blasting complaints and insurance reports
Blasting compliance
Exploration development and implementation to include core and rotary drilling, prospecting, sampling, etc.
Collecting and compiling data for geologic reserve identification and studies
Development of geology related environmental information for mining and reclamation permits, and exploration notices
Draftsman – mining permits, underground mine ventilation, reviews, licenses
Acid mine drainage treatment

Equipment Utilized:

Computer (Familiar with Microsoft Word, Microsoft Works, Microsoft Excel, Corel Word Perfect, Autocad, Corepro, Blastpro, Bentley XM), Video Equipment, Office and Drafting Equipment, Nuclear Density Gauge, Seismograph, Seismograph Chart Recorder, Altimeter, Survey Equipment, Ph Meter, Conductivity Meter, Water Level Indicator, Lab Equipment, Bristol Babcock (water pressure chart recorder), Leak Detection Equipment (Aqua-scope), Equipment utilized for drinking water treatment process (Fluoride Analyzer, Turbidity Meter, Chlorine Analyzer)

Education:

1976 – 1980

Millard High School, Millard, Ky
General Studies

1978 – 1980

Millard Vocational School, Millard, Ky
Mechanical Drafting

1980 – 1982

Mayo State Vocational Technical School, Paintsville, Ky
Mechanical Drafting, Advanced Science, Advanced Mathematics

Current or Previously Held Licenses & Certificates:

Utility Management Institute
Work Zone Traffic Control Supervisor
Work Zone Traffic Control Technician
OSHA (Construction Safety & Health)
Kentucky Drinking Water Distribution II – D Operator
Troxler Certified (Nuclear Density Gauge)
Certified MSHA Impoundment Inspector
Certified Surface Miner
KEPSC (Kentucky Erosion Prevention & Sediment Control)
Blasting Seminars / MSHA Academy

Q 45 Please reference the Company's response to AG 1-52.

WITNESS: Sawyers

RESPONSE:

Q 45(a) Provide the educational qualification and/or work resume of Carrie Hatfield.

WITNESS: Sawyers

RESPONSE: Please see Exhibit 45

Q 45(b) List any and all job duties that Ms. Hatfield has as the Financial Administrator.

WITNESS: Sawyers

RESPONSE: Please see Exhibit 45

Q 45(c) As a Financial Administrator is Ms. Hatfield qualified to review and analyze UMG invoices, financial statements, etc. and report the findings to the District Administrator Sawyers? If so, explain in full detail the review process. If not, why not?

WITNESS: Sawyers

RESPONSE: Yes, as invoices come in if there is an issue with any invoice Ms. Hatfield reports it to the District Administrator.

Q 45(d) Is Ms. Hatfield in a position to disallow expenses charged to MWD by UMG, and if so, please describe the process by which these expenses are removed from the invoices submitted by UMG.

WITNESS: Sawyers

RESPONSE: Yes, please see the response in Q45(c)

Exhibit 45

Carrie Hatfield

[REDACTED]

[REDACTED]

Qualifications

Experience in accounting process, such as month end close, budgeting, preparing and analyzing financial statements, accounts payable, payroll and account receivables, ability to understand and interpret general ledgers

Education

1994-1996 Southern Community College, Williamson, WV

1996-1999 Pikeville College, Bachelor of Business Administration with Emphasis in Accounting

Employment

2012-present Financial Administrator, Mountain Water District.

- Duties include preparing and posting month end journal entries, analyzing general ledger for accuracy and reasonableness prior to closing, prepare financial statements, prepare all tax forms, manage approximately thirty to forty bank accounts for the district, coordinating with engineers and funding agencies to ensure timely payments to contractors, disbursing project related payables, communicating with financial institutions and funding agencies to obtain funding needed for the District, maintain all construction files, issue purchase orders and reconcile invoices with purchase order to resolve any discrepancies, process all invoices, process all checks, review and research all vendor statements, produce monthly expense and cash disbursement report to the board each month, assist the District Administrator in other duties as needed.

2006-2011 Accountant/Project Administrator, Utility Management Group, LLC/Mountain Water District Division.

- Duties included preparation of monthly financial statements for Utility Management, financial control and project administration function for Mountain Water District; duties included preparing and posting month end journal entries, analyzing general ledger for accuracy and reasonableness prior to closing, prepare financial statements for the district that is presented to Board of Commissioners each month, bank reconciliations, payroll for the Board ,prepare the payroll tax forms, maintain approximately thirty bank accounts for project funds, coordinate with engineers and funding agencies to ensure timely payment to contractors on construction projects, disbursing project related payable, communicate with financial institutions and funding agencies to obtain funding needs for the District, maintaining construction files for government funded construction projects, supervising the Accounts Payable Department, assisting the District with other duties as needed.

2005-2006 Accounts Payable Clerk, Utility Management Group LLC, Mountain Water District Division

- Duties included issued purchase orders, process invoices and processed checks, reviewed and reconciled vendor statements, maintained cash disbursement for the district, prepared sales and school tax, assisted the Project Administrator with journal entries.

1999-2005 Accounts Payable Clerk, Mountain Water District

- Duties included issued purchase orders, process invoices and processed checks, reviewed and reconciled vendor statements, maintained cash disbursement for the district, prepared sales and school tax, assisted the Project Administrator with journal entries.

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 46 Please reference the Company's response to AG 1-56. This answer is non-responsive. Provide the salaries and raises of the UMG employees for the past ten (10) years with job title in a similar chart as MWD provided to AG 1-55.

WITNESS: Meyer

RESPONSE: A spreadsheet identifying individual positions, pay rates, regular hours and overtime hours for 2013 and 2014 is attached. Please note that UMG has already provided detailed salary and benefit information for Mountain Water District employees and central office (shared) employees for seven years in a different format. On the detailed payroll information provided previously, each of the UMG employees that works 100% of the time for the Mountain Water project are identified by the name of their position. Those employees listed at the end of that payroll report are all central office employees (department 98) and are also listed individually by position. Providing the level of detail requested for 10 years in a different format would be extremely time consuming and overly burdensome and is not available at this time.

Q 46(a) Provide a chart that displays how each UMG employee's salaries, benefits, raises, etc. are allocated to MWD and the other UMG clients.

WITNESS: Meyer

RESPONSE: Regarding the wage and benefit costs for those UMG employees that work 100% of the time for the Mountain Water District project, 100% is charged to the Mountain Water District project. As stated in previous responses to the Attorney General's office and Public Service Commission questions, salary, wages, and benefits expenses associated with shared UMG personnel are charged to an overhead cost center. Other expenses associated with central office operations (ie: central office facility costs, property and liability insurance, supplies, vehicle expenses for shared vehicles, travel expenses, depreciation expenses, and various other expenses) are also charged to that same overhead cost center. The total of all overhead expenses are then allocated to individual projects and direct cost centers based on the ratio of individual projects' contract revenue to the combined total of all project revenues. A copy of a spreadsheet for a typical monthly allocation of overhead costs is attached as Exhibit 46(a).

Q 46(b) Do any UMG employees use company owned property for personal use, for example, cell phones, vehicles, etc. If yes, provide a detailed list and a justification as to why.

WITNESS: Meyer

RESPONSE: Some UMG employees are permitted on occasion to utilize vehicles and/or other UMG owned assets for personal use. This is considered a fringe benefit for those employees. UMG does not consider providing a detailed list and justification of those items as germane to Mountain Water District's rate application.

Exhibit 46

**UTILITY MANGEMENT GROUP
Calendar Year 2014**

**PAYROLL INFORMATION
Mountain Water District and Shared Employees**

	POSITION	Hourly rate or base pay	RATE	GROSS YEARLY	REG HOURS	OT HOURS	% Increase 2013 to 2014
11-250	Water Plant Operator	\$11.68	hourly	\$28,998.88	2,224.0	156.0	6.3%
11-296	Water Plant Operator	\$15.75	hourly	\$11,983.40	727.9	22.0	-1.7%
11-578	Water Plant Operator	\$9.40	hourly	\$19,434.74	1,784.9	177.0	4.4%
11-608	Water Plant Operator	\$9.94	hourly	\$23,824.21	2,006.0	234.5	12.4%
11-790	Water Plant Operator	\$9.31	hourly	\$16,020.58	1,563.0	88.0	New Employee
11-907	Water Plant Operator	\$9.00	hourly	\$2,727.00	282.0	14.0	New Employee
11-960	Water Plant Operator	\$12.84	hourly	\$30,528.89	2,210.0	91.0	7.0%
12-128	Utility Worker	\$11.13	hourly	\$29,418.10	2,193.0	284.0	3.2%
12-147	Utility Worker	\$8.50	hourly	\$1,581.00	186.0		New Employee
12-149	Leak Detection	\$12.49	hourly	\$30,299.55	2,191.0	128.5	1.7%
12-156	Mechanic	\$17.11	hourly	\$38,889.07	2,168.5	52.5	1.5%
12-233	Meters/Inventory/Purchasing	\$14.21	hourly	\$30,825.89	2,121.5	11.5	1.7%
12-252	Utility Worker	\$9.28	hourly	\$14,908.08	1,576.5	3.0	3.1%
12-254	Area Manager	\$44,200.00	salary	\$45,591.43	2,080.0		0.0%
12-324	Electrical Maintenance Mgr	\$50,564.80	salary	\$52,041.25	2,080.0		0.9%
12-349	Utility Worker	\$12.82	hourly	\$40,715.99	2,145.5	241.5	2.6%
12-352	Maintenance Technician	\$16.64	hourly	\$39,308.94	2,196.5	94.0	1.3%
12-374	Utility Worker	\$8.51	hourly	\$340.40	40.0		0.0%
12-471	Utility Worker	\$13.37	hourly	\$30,493.30	2,129.0	83.0	1.4%
12-534	Area Manager	\$41,828.80	salary	\$43,198.43	2,080.0		0.9%
12-576	Area Manager	\$44,033.60	salary	\$45,310.90	2,080.0		1.1%
12-597	Area Manager	\$44,553.60	salary	\$45,949.26	2,080.0		0.9%
12-730	Leak Detection	\$12.81	hourly	\$30,253.13	2,161.0	110.5	2.3%
12-737	Area Manager	\$45,905.60	salary	\$47,351.84	2,080.0		1.1%
12-814	Area Manager	\$48,942.40	salary	\$50,441.73	2,080.0		0.7%
12-821	Utility Worker	\$15.37	hourly	\$34,336.13	2,134.0	48.0	1.7%
12-828	Utility Worker	\$14.04	hourly	\$43,131.85	2,136.5	179.0	2.5%
12-865	Utility Worker	\$9.43	hourly	\$21,671.26	2,082.3	126.0	4.8%
12-905	Equipment Operator	\$15.22	hourly	\$33,559.32	2,120.0	43.5	2.4%
12-912	Operations Manager	\$84,801.60	salary	\$86,712.90	2,080.0		0.0%
12-926	Equipment Operator	\$17.93	hourly	\$39,503.64	2,127.0	35.0	1.5%
12-958	Equipment Operator	\$12.96	hourly	\$25,703.26	1,704.5	163.5	1.9%

**UTILITY MANGEMENT GROUP
Calendar Year 2014**

**PAYROLL INFORMATION
Mountain Water District and Shared Employees**

	POSITION	Hourly rate or base pay	RATE	GROSS YEARLY	REG HOURS	OT HOURS	% Increase 2013 to 2014
12-965	Maintenance Technician	\$14.00	hourly	\$33,794.63	2,175.0	139.0	2.3%
13-100	Wastewater Plant Operator	\$15.17	hourly	\$35,888.57	2,220.5	84.5	1.4%
13-101	Maintenance Technician	\$9.05	hourly	\$16,393.19	1,642.4	101.0	6.5%
13-255	Maintenance Technician	\$9.87	hourly	\$21,021.44	1,975.1	84.0	4.8%
13-347	Wastewater Plant Operator	\$12.32	hourly	\$27,272.53	2,138.5	23.0	9.0%
13-569	Area Manager	\$56,097.60	salary	\$57,563.35	2,080.0		0.4%
13-779	Wastewater Plant Operator	\$11.56	hourly	\$26,048.14	2,160.0	36.5	2.4%
13-899	Maintenance Technician	\$8.50	hourly	\$3,593.38	399.5	15.5	New Employee
13-973	Maintenance Technician	\$12.57	hourly	\$30,766.93	2,201.0	148.0	1.9%
14-142	Meter Department/Service Supervisor	\$42,723.20	salary	\$43,813.79	2,080.0		1.2%
14-320	Maintenance Technician	\$9.00	hourly	\$12,604.93	1,357.0	17.0	New Employee
14-491	Customer Service Rep	\$8.56	hourly	\$10,616.53	1,214.0	4.3	New Employee
14-512	Cashier	\$9.06	hourly	\$19,638.81	2,115.8	12.5	3.0%
14-515	Customer Service Rep	\$9.75	hourly	\$4,652.61	463.2	3.8	3.9%
14-521	Customer Service Rep	\$8.00	hourly	\$4,763.43	573.3	1.3	New Employee
14-558	Service Tech	\$12.08	hourly	\$26,588.18	2,120.8	33.0	2.2%
14-581	Customer Service Rep	\$12.95	hourly	\$28,260.31	2,126.0	22.0	1.8%
14-634	Service Tech	\$9.17	hourly	\$20,544.36	2,136.5	37.8	5.4%
14-660	Billing Clerk	\$14.20	hourly	\$30,724.13	2,121.3	14.3	2.1%
14-695	Customer Service manager	\$39,582.40	salary	\$8,236.58	428.5		0.7%
14-712	File Clerk	\$8.00	hourly	\$2,990.00	373.8		New Employee
14-965	Service Tech	\$13.71	hourly	\$31,007.58	2,150.5	52.3	1.7%
14-769	Deliquent Billing Clerk	\$12.27	hourly	\$26,920.84	2,148.5	13.3	1.7%
14-781	Customer Service Rep	\$9.00	hourly	\$7,290.47	804.1	4.0	New Employee
14-863	Tank maintenance	\$12.93	hourly	\$12,680.34	951.4	19.5	1.2%
14-940	Service Tech	\$13.04	hourly	\$28,668.07	2,128.5	25.5	2.0%
14-972	Customer Service manager	\$32,177.60	salary	\$33,395.04	2,126.8	10.3	Changed to salaried
15-590	Executive Assistant	\$56,201.60	salary	\$57,618.91	2,080.0		0.9%
15-711	Administrative Assistant	\$12.35	hourly	\$27,269.85	2,136.3	32.0	1.9%
15-744	Executive Assistant	\$54,204.80	salary	\$55,549.09	2,080.0		0.9%
15-772	Senior Project Manager	\$90,000.00	salary	\$93,482.93	2,080.0		0.0%
1c-145	Maintenance Technician	\$13.92	hourly	\$39,145.93	2,209.5	390.0	2.4%

**UTILITY MANGEMENT GROUP
Calendar Year 2014**

**PAYROLL INFORMATION
Mountain Water District and Shared Employees**

	POSITION	Hourly rate or base pay	RATE	GROSS YEARLY	REG HOURS	OT HOURS	% Increase 2013 to 2014
1C-148	Maintenance Technician	\$8.50	hourly	\$3,055.75	347.5	8.0	New Employee
1C-943	Maintenance Technician	\$9.87	hourly	\$3,828.06	335.4	24.0	4.6%
	Shared Employees						
98-226	HR Specialist	\$17.20	hourly	\$39,833.78	2,162.5	90.3	2.4%
98-394	IT Tech	\$18.65	hourly	\$43,531.50	2,175.0	95.3	2.1%
98-464	Safety Director	\$16.43	hourly	\$39,179.52	2,148.0	139.5	1.9%
98-604	COO	\$90,000.00	salary	\$91,730.65	2,080.0		0.0%
98-618	Accounts Payable Clerk	\$15.87	hourly	\$34,869.11	2,141.8	24.5	1.7%
98-667	Controllor	\$90,000.00	salary	\$91,730.62	2,080.0		0.0%

Exhibit 46(a)

UT Adjusting Journal Entries - OH Alloc

Dec-14

AG: SCHEDULE 46.C

PROJECT OR DIVISION	PROJECT ANNUAL BUDGETS	% OF TOTAL PROJECT BUDGETS	% Allocation To Business Areas	% Allocation for Each Project	Current Allocation Amounts
MOUNTAIN WATER DISTRICT	\$7,680,850	63.85%		57.47%	\$35,817.53
PIKEVILLE PROJECT	\$4,190,021	34.83%		31.35%	\$19,539.01
DICKENSON COUNTY PROJECT	\$158,016	1.31%		1.18%	\$736.86
TROUBLESOME CREEK PROJECT	\$0	0.00%		0.00%	\$0.00
TOTAL PROJECTS	\$12,028,887	100.00%	90.00%	90.00%	
SMALL ENGINE SOLUTIONS (SES)			5.00%	5.00%	\$3,116.30
AMG			5.00%	5.00%	\$3,116.30
TOTAL OVERHEAD ALLOCATION			100.00%	100.00%	\$62,326.00

OVERHEAD ALLOCATION JOURNAL ENTRY	Debit Amount	Credit Amount
Allocated Overhead 8010-98-000		\$62,326.00
Mountain Water District Overhead 8010-01-ADM	\$35,817.53	
Pikeville Overhead 8010-02-ADM	\$19,539.01	
Dickenson County Overhead 8010-05-000	\$736.86	
AMG Overhead Expense 8010-70-000	\$3,116.30	
Small Engine Solutions 8010-00-000	\$3,116.30	

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 47 Please reference the Company's response to AG 1-56. Explain in full detail if the information given represents the full salaries, benefits, etc. of the employees, or just the allocated portion of the salary to MWD.

WITNESS: Meyer

RESPONSE: All salary, wage, and benefit information previously provided for all employees represents the employee's full salary and benefits cost.

Q 47(a) Explain why there are cell phone charges on the employee's checks. Also state whether UMG and/or MWD contributes monies towards this expense.

WITNESS: Meyer

RESPONSE: In some instances, it is more efficient for employees to utilize their personal cell phones and UMG reimburses them for a portion of their personal cell phone cost. Likewise, some employees have been provided cell phones paid for by UMG and have asked to have data services added to their phone. In this instance, the cost of any non-work related cell phone costs (ie: data services) is withheld from the employee's payroll checks.

Q 47(b) Explain in full detail why there are YMCA Membership charges on the employee's checks. Also state whether UMG and/or MWD contributes monies towards this expense.

WITNESS: Meyer

RESPONSE: UMG offers a range of benefits for all of its employees, one of which is the option to participate in a YMCA membership program; part of the membership cost is paid by employees and part is paid by UMG.

Q 47(c) What is the 401k employer match percentage? Provide a full description of the 401k employer match program for both UMG and MWD.

WITNESS: Meyer

RESPONSE: The employer match for the 401K is 5%. UMG matches the employee's contribution on a dollar for dollar basis up to 5% of the employee's pay. This applies consistently to all UMG employees.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q.48 Please reference the Company's response to AG 1-61(a). Provide all complaints received by MWD or UMG concerning lack of sewer pipe access by residents, since a large majority of people in the service area must still rely upon septic tanks.

WITNESS: Potter

RESPONSE: In the official minutes of the meetings of the Board of Commissioners, there is only one sewer request for a sewer extension, which was to the Upper Bones Branch area and was presented at the October 28, 2009 meeting of the MWD Board of Commissioners. There was a formal complaint filed with the Public Service Commission by then Magistrate Chris Harris and several other residents regarding sewer access in the Belfry area in the Spring of 2013. Please see attached the petition from the residents of the Bones Branch area referenced as Exhibit 48 (1) and the final order in the PSC Complaint Case 2013-00092 referenced as Exhibit 48 (2).

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

EXHIBIT 48 (1)

10-5-09

Please Help US

PLEASE Sign...

This is a petition to get sewage at Bones
Branch Rd in Phelps.

Johy Stump

Trinity Ore

Barbara Young

Lloyd Francis

Bill Cotton

Jill Felton

Jerry Casey

Angie Casey

Sue Peterson

Glenn Fanning

April Wolford

Betty J. Peterson

Andrew Wolford

Michelle Stump

Harold Pruitt

Beatrice Pruitt

Jami Jacobson

Jamel Hatfield

Debbie Blankenship

Dwona Hatfield

Oxee Haniel

Wright Wolford Jr.

Kevin Staley

Pansy Snell

Freddie Snell

Harry Snell

Ray Snell

Ally Snell

Donna Chapman

Rebecca Chapman

~~Carl R. Framin~~

~~Frankie Sincell~~

~~Nancy Gearles~~

~~Connie Sincell~~

~~Tennis Gearles~~

~~Sue Stump~~

~~Jack Dotson~~

~~Mary [unclear]~~

~~Johnny Wolford~~

~~Betty Pena~~

~~John Wolford~~

~~Barbara C. Daniels~~

~~Charles Wolford~~

~~Pammy J. Sincell~~

~~James Allen Sincell~~

~~Clayton Eldridge~~

~~Anita Eldridge~~

~~Ryan Row~~

~~Brittany Sincell~~

~~April Wolford~~

~~Jeff Young~~

~~Trina Young~~

~~Roy Dotson~~

~~Wanda Peck~~

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

EXHIBIT 48 (2)

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CLARK MCCOY, DEBBIE MCCOY, DAVID)	
VARGO, PATRICIA VARGO, MIKE)	
COCHRAN, IRENE COCHRAN, AND)	
DARRELL OWENS)	
)	
COMPLAINANTS)	
)	
V.)	CASE NO. 2013-00092
)	
MOUNTAIN WATER DISTRICT)	
)	
DEFENDANT)	

ORDER

Complainants and Defendant have jointly submitted to the Commission for our review and action a Joint Stipulation and Recommended Settlement. After careful review, we approve the Joint Stipulation and Recommended Settlement and dismiss this matter without prejudice.

Mountain Water District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that distribute water service to approximately 17,134 customers in Pike County, Kentucky,¹ and that provide sewer service to approximately 2,385 customers in Floyd and Pike counties, Kentucky.² It is a utility subject to

¹ *Annual Report of Mountain Water District (Water Division) to the Public Service Commission of Kentucky for the Calendar Year Ending December 31, 2012* at 5, 27.

² *Annual Report of Mountain Water District (Sewer Division) to the Public Service Commission of Kentucky for the Calendar Year Ending December 31, 2012* at 1, 8.

Commission jurisdiction³ and with the statutory obligation to make reasonable extensions of service.⁴

On March 3, 2013, Complainants, who are residents of the Pond Creek area of Pike County, Kentucky, filed with the Commission a formal complaint against Mountain Water District in which they requested that the Commission require Mountain Water District to extend sewer service to the Pond Creek area.

On March 25, 2013, Mountain Water District submitted an Answer to the Complaint, in which it admitted that it did not currently provide sewer service to the Pond Creek area and affirmatively stated that it is unable to expand sewer service to that area without additional funding. It identified several courses of action that would enable it to provide service to the area in which Complainants reside, but stated that it lacked the funding to implement any of them at the present. Mountain Water District asserted that it had acted in a reasonable manner and requested that the Complaint be dismissed.

Upon receipt of Mountain District's Answer, the Commission established a procedural schedule in this matter that provided for discovery and for a hearing. Following completion of discovery but prior to the scheduled hearing, the parties submitted a Joint Stipulation and Recommended Settlement for the Commission's review and approval.

³ KRS 278.015.

⁴ KRS 278.280(3). *See also City of Bardstown v. Louisville Gas & Electric Co.*, 383 S.W.2d 918, 919 (Ky. 1964) (a utility "can be compelled to make any reasonable extension of its service facilities within its certificated scope or area of service"); OAG 75-719 (a "water district is under an obligation to serve all inhabitants, including the subject applicant, within its geographical area of service as fixed under KRS 74.010 and as defined by the certificate of convenience and necessity")

The Joint Stipulation and Recommended Settlement provides that Mountain Water District will pursue development of a sewage treatment facility for the Belfry/Pond Creek area. It specifically provides that:

- Mountain Water District will authorize Big Sandy Area Development District to become the project administrator for purposes of funding the Belfry I Pond Creek Waste Water Treatment Plant, but Mountain Water District will administer the actual construction of the project.
- An agreed funding model will serve as the framework for securing funds for the proposed project.
- A loan from Rural Development will be necessary to complete this project. The size of such loan will vary based on available grants that may be obtained for the project.
- Mountain Water District retains the right to approve any debt assumed for the project.
- If it is not economically feasible for Mountain Water District to assume the debt necessary to finance the project, the scope of the project may be reduced or modified.
- Mountain Water District will apply for the necessary Rural Development loans and grants to cover the remaining cost. Any Rural Development loan may be subject to terms and conditions outside the requirements of an ordinary loan transaction.
- If Mountain Water District's current application for a Community Development Block Grant for the Douglas Wastewater Plant at Shelby Valley is not approved, then Mountain Water District will make the Belfry/Pond Creek Wastewater Treatment Plant its first priority for a Community Development Block Grant in the next available funding cycle, assuming it qualifies for such grant and receives the prerequisite approval of the Pike County Fiscal Court.
- Mountain Water District's current construction options will not enable service to all of Complainants. The current wastewater treatment plant must be expanded to reach all Complainants. Mountain Water District's current plant must be expanded to provide service to all of the Complainants.

- The time table and funding for such future expansion is unknown at this time.

Having reviewed the Joint Stipulation and Recommended Settlement and being otherwise sufficiently advised, the Commission finds that is reasonable, does not violate statute or regulation, is consistent with Mountain Water District's legal obligations as a public utility, and should be approved.

IT IS THEREFORE ORDERED that:

1. The Joint Stipulation and Recommended Settlement is approved.
2. Mountain District shall take all actions required by Paragraph 6 of the Joint Stipulation and Recommended Settlement as if individually ordered by the Commission.
3. The Commission's approval of the Joint Stipulation and Recommended Settlement does not constitute a Certificate of Public Convenience and Necessity to construct any facility or Commission authorization for Mountain District to issue any evidence of indebtedness.
4. The matter is dismissed without prejudice.

By the Commission

ATTEST:



Executive Director

Case No. 2013-00092

Christian R Harris
719 Forest Hills Road
Forest Hills, KENTUCKY 41527

Honorable John N Hughes
Attorney at Law
124 West Todd Street
Frankfort, KENTUCKY 40601

Roy Sawyers
District Administrator
Mountain Water District
P. O. Box 3157
Pikeville, KY 41502

Honorable Daniel P Stratton
Attorney at Law
Stratton, Hogg & Maddox, P.S.C.
P. O. Box 1530
111 Pike Street
Pikeville, KENTUCKY 41502

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

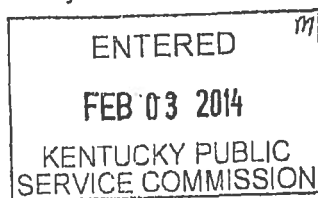
CLARK MCCOY, DEBBIE MCCOY, DAVID)
VARGO, PATRICIA VARGO, MIKE)
COCHRAN, IRENE COCHRAN, AND)
DARRELL OWENS)
COMPLAINANTS)
V.) CASE NO. 2013-00092
MOUNTAIN WATER DISTRICT)
DEFENDANT)

ORDER

Finding an error in our Order of January 29, 2014, regarding the description of the stipulation between the parties, the Commission, on its own motion, HEREBY ORDERS that the eighth bullet paragraph on page 3 of that Order is amended to read:

- Mountain District's current wastewater treatment plant must be expanded to reach all of the Complainants. Mountain Water District's current construction options, however, will not enable service to all of the Complainants. Notwithstanding the implementation of the agreement between the Complainants and Mountain District, one or more of the Complainants may remain without sewer service.

By the Commission



ATTEST:



Executive Director

Christian R Harris
719 Forest Hills Road
Forest Hills, KENTUCKY 41527

Honorable John N Hughes
Attorney at Law
124 West Todd Street
Frankfort, KENTUCKY 40601

Roy Sawyers
District Administrator
Mountain Water District
P. O. Box 3157
Pikeville, KY 41502


Honorable Daniel P Stratton
Attorney at Law
Stratton, Hogg & Maddox, P.S.C.
P. O. Box 1530
111 Pike Street
Pikeville, KENTUCKY 41502

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

49. Please reference the Company's response to AG 1-61(b). Provide all complaints that have been received by MWD and UMG concerning foul odors being emitted, air quality, noise, etc. Furthermore, explain in detail the location of the larger "force main" sewer lift stations as well as the larger wastewater treatment plants.

WITNESS: Potter

RESPONSE: Mountain District's work order system indicates 447 odor complaints have been completed since the inception of the District's work order system in 2008. This would be overly burdensome to provide and these work orders are available for viewing upon request. The Board members of the MWD Board of Commissioners bring any complaints they receive to the attention of the Board during monthly meetings which are immediately investigated and resolved to the best of UMG, LLC's experience and ability. These wastewater lift stations and wastewater treatment plants are hydraulically placed by engineer's design, which occasionally place them in areas of high traffic, while during the planning and construction phase, great pains are taken to locate them out of the way of residences and high traffic intersections as much as possible. Please see attached a list of the District's lift stations and their general locations referenced as Exhibit 49.



CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request



EXHIBIT 49



ATTACHMENT #4

**MOUNTAIN WATER DISTRICT
LIFT STATIONS LISTING
AS OF 01/13**

LIFT STATION	LOCATION	NO PER AREA
MCCARR		2
SOUTH WILLIAMSON		8
SHELBY		6
PHELPS		4
TOTAL		20

AREA		CAPACITY/ RATING
MCCARR		
1. RIVER ROAD	1/2 mile down River Road on the left	215gpm @ 39ft. Head
2. AUBURN HOLLOW	Mouth of Auburn Hollow	55gpm @ 40ft. Head
SOUTH WILLIAMSON		
1. TAYLOR FORK	Intersection of Rogers Park on the left	250gpm @ 54ft. Head
2. TURKEY CREEK	1/2 mile up Turkey Creek Rd on the left	200gpm @ 82ft. Head
3. WILSON LOOP	Lower corner of Wilson Loop	181gpm @ 86ft. Head
4. CVS PHARMACY	Behind store on the right before crossing bridge	350gpm @ 67ft. Head
5. NEWCAMP	1/4 mile up New Camp on the left	118gpm @ 35ft. Head
6. CENTRAL AVENUE	At the flood wall near Army COE pumping station	450gpm @ 67ft. Head
7. BELFRY HIGH SCHOOL	Left side of entrance to school	
8. FOREST HILLS	Mouth of Forest Hills on the left	
SHELBY VALLEY		
1. DOUGLAS	37 Wildcat Drive on left side	400gpm @ 32ft. Head
2. LICK BRANCH	Mouth of Lick Branch beside Hwy 23 on the left	219gpm @ 68ft. Head
3. PENNY ROAD	Virgle side of Penny Road on the right	104gpm @ 67ft. Head
4. SUGAR CAMP	1/4 mile past Sugar Camp on the left on Robinson Crk	178gpm @ 57ft. Head
5. COLLEY HILLS	1/4 of the way up Colley Hills Road on the left	85gpm @ 42ft. Head
6. COLLINS HIGHWAY	On vacant lot just after passing Hwy 460 overpass	
PHELPS		
1. PHELPS INTERSECTION	Intersection of Hwy 632 & 194 on left of 632.	7.5 HP X 2
2. BILLY DOTSON BRANCH	500' past the railroad crossing on the right side.	3 HP X 2
3. POUNDING MILL ROAD	1/2 mile up Pounding Mill on the right side	10 HP X 2
4. PHELPS HIGH SCHOOL	On the right side inside the school gate	5 HP X 2

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

50. Please reference the Company's application generally. Provide all complaints, and specify the number, received by MWD or UMG concerning lack of water by the ratepayers.

WITNESS: Potter

RESPONSE: Our assumption to this question is that you are referencing areas that are currently without water service; however those residents are not currently ratepayers. Please see included here and referenced as Exhibit 50 a summary of areas broken down by Magisterial District that have submitted a request for water service on file with the District.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

EXHIBIT 50

**WATER PROJECTS LIST
DISTRICT 1
2014**

LOCATION	# OF CUSTOMERS
LITTLE BRUSHY OF JOHNS CRK	5
JENNYS FORK OF COWPEN	10-12
COON BRANCH OF ISLAND CREEK	3

**WATER PROJECTS LIST
DISTRICT 2
2014**

LOCATION	# OF CUSTOMERS
BUCK TACKETT ROAD - LONG FORK	8
FLEMINGS BRANCH OF DORTON	7
HWY 610 UP TO DOC BILL HOLLOW	3
HWY 610 WEST	1
KISER LANE	4
LAVADA COMPTON BRANCH	3
LEFT FORK OF THREE MILE - DORTON	5-6
LICK BRANCH (ACROSS FROM PENNY ROAD)	2
MILL ROAD - ROUTE 805	3
ORCHARD FORK OF LONG FORK OF VIRGIE	5
PEACH ORCHARD BR OF ISLAND CREEK	4
PENNY STREET	3
STRAIGHT FORK OF UPPER LITTLE CREEK	3
TRILBY TACKETT ROAD	3
TURKEY PEN	3
UPPER OWL BRANCH ROAD	3

WATER PROJECTS LIST
DISTRICT 3
2014

LOCATION	# OF CUSTOMERS
CLEVINGER DRIVE - STONE COAL	2
DON FREEMAN ROAD - FEDS CREEK	6
MILLERS BRANCH OF MOTLEY FORK	2
ROBINSON ROAD - ROUTE 197	3

WATER PROJECTS LIST
DISTRICT 4
2014

LOCATION	# OF CUSTOMERS
BIG BRANCH ROAD OF MARROWBONE	3
DRY FORK OF RED CREEK	12
EPLING ROAD	3
MILLARD LANE	13
OLD SHELBIANA ROAD (#434)	6
RIGHT FORK OF HAPPY HOLLOW	3
RIVER STREET OF DRAFFIN	8
WILLOW TREE	5
WOLF BELCHER ROAD - SHELBY GAP	7

**WATER PROJECTS LIST
DISTRICT 5
2014**

LOCATION	# OF CUSTOMERS
BLACKBERRY FORK OF PHELPS	3
JUNK YARD HOLLOW	5
SCOTT FORK	3
RIGHT FORK OF HURRICANE OF KNOC	13
AIL BRANCH OF BUSKIRK	7
MILL BRANCH OF PHELPS	5
SHADES BRANCH OF PHELPS	15+
UPPER WOODMAN	7

WATER PROJECTS LIST
DISTRICT 6
2014

LOCATION	# OF CUSTOMERS
FONSO STANLEY ROAD	2
NARROWS BRANCH - HEAD OF HOLLOW	6
NARROWS BRANCH - SUGAR CAMP	5
SULLIVAN STREET OF BALL FORK ROAD	6
SWINGE BRANCH	5
WILDWOOD LANE	4

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

51. Please reference the Company's application generally. Provide a copy of MWD and UMG's current water and sewer emergency response plan.

WITNESS: Potter

RESPONSE: See attachments referenced as 51(1) Water Emergency Response Plan and 51(2) Sewer Overflow Response Plan.

51a. Describe whether the emergency response plan was followed when there were mass water outages suffered by the ratepayers in February 2015. Please consider this a current and ongoing information request subject to update as any new information becomes available.

WITNESS: Potter

RESPONSE: The emergency response plans were followed and water service was restored to our customers as soon as possible. Please see attached the summary submitted to the Executive Director of the Public Service Commission with regard to the District's response to Winter Storms Octavia and Pandora referenced as Exhibit 51(a). In addition to the District's written policy, it is the internal practice of UMG, LLC Management to continually track weather changes and begin to communicate with the Pike County 911 Emergency Operations Manager, Doug Tackett, within 72 hours of any forecasted weather event. UMG, LLC Management and staff begin, during this 72 hour window, to fill tanks to maximum storage, fuel and prime generators, fuel up vehicles and equipment, and employees are put on alert of the impending event. All of which was done prior to the onset of Winter Storm Octavia by UMG, LLC.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

EXHIBIT 51 (1)

MOUNTAIN WATER DISTRICT

WATER SHORTAGE RESPONSE PLAN

JULY 1, 2001

MOUNTAIN WATER DISTRICT WATER SHORTAGE RESPONSE PLAN

Section 1. Purpose. The purpose of this Plan is to provide for the declaration of official phases of water supply shortages and the implementation of voluntary and mandatory water conservation measures throughout the Mountain Water District service area in the event a shortage is declared.

Section 2. Definitions. These terms are applicable only for this Plan unless specifically noted.

- (a) "Customer" shall mean any person or entity using water for any purpose from the Mountain Water District water distribution system and for which either a regular charge is made or, in the case of bulk sales, a cash charge is made at the site of delivery.
- (b) "Raw Water Supplies" shall mean all water potentially available to persons in the Mountain Water District service area.
- (c) "Treated Water" shall mean water that has been introduced by the Mountain Water District into its water distribution system, including water offered for sale. Uses of treated water are classified as follows:

Essential Water Uses (Class 1):

The following uses of water, listed by site or user type, are essential.

Domestic:

- water necessary to sustain human life and the lives of domestic pets, and to maintain minimum standards of hygiene and sanitation.

Health Care Facilities:

- patient care and rehabilitation, including related filling and operation of swimming pools.

Water Hauling:

- sales of domestic use where not reasonably available elsewhere.

Public Use:

- firefighting,

- health and public protection purposes, if specifically approved by health officials.

Socially or Economically Important Uses (Class 2):

The following uses of water, listed by site or user type, are socially or economically important.

Domestic:

- personal, in-house water use including kitchen, bathroom and laundry.

Water Hauling:

- non-domestic, when other sources are not reasonably available elsewhere.

Commercial and Civic Use:

- commercial car and truck washes
- laundromats
- restaurants, clubs and eating places.
- schools, churches, motels/hotels and similar commercial establishments.

Outdoor Non—Commercial Watering:

- minimal watering of vegetable gardens,
- minimal watering of trees where necessary to preserve them.

Outdoor Commercial or Public Watering (using conservation methods and when other sources of water are not available or feasible to use):

- agricultural irrigation for the production of food and fiber or the maintenance of livestock,
- watering by arboretums and public gardens of national, state, regional or community significance where necessary to preserve specimens,
- watering by commercial nurseries at a minimum level necessary to maintain stock,
- watering at a minimum rate necessary to establish or maintain revegetation or landscape plantings required pursuant to law or regulation,

- watering of woody plants where necessary to preserve them,
- minimal watering of golf course greens.

Recreational:

- operation of municipal swimming pools and residential pools that serve more than 25 dwelling units.

Air Conditioning:

- refilling for startup at the beginning of the cooling season,
- makeup of water during the cooling season,
- refilling specifically approved by health officials where the system has been drained for health protection or repair services.

Non—Essential Uses (Class 3):

Any waste of water, as defined herein, is non-essential. The following uses of water, listed by site or user type, are non-essential.

Public Use:

- use of fire hydrants (excluding Class 1 and Class 2 uses), including use of sprinkler caps, testing fire apparatus and fire department drills,
- flushing of sewers and hydrants except as needed to ensure public health and safety as approved by health officials.

Commercial and Civic Use:

- serving water in restaurants, clubs, or eating places, except by customer request,
- failure to repair a controllable leak,
- increasing water levels in scenic and recreational ponds and lakes, except for the minimum amount required to support fish and wildlife.

Ornamental Purposes:

- fountains, reflecting pools and artificial waterfalls.

Outdoor Non-Commercial Watering:

- use of water for dirt control or compaction,
- watering of annual or non—woody plants, lawns, parks, golf course fairways, playing fields and other recreational areas,
- washing sidewalks, walkways, driveways, parking lots, tennis courts or other hard—surface areas,
- washing down buildings or structures for purposes other than immediate fire protection,
- flushing gutters or permitting water to run or accumulate in any gutter or street.

Outdoor Commercial or Public Watering:

- expanding nursery facilities, placing new irrigated agricultural land in production, or planting of landscaping except when required by a site design review process,
- use of water for dirt control or compaction,
- watering of lawns, parks, golf course fairways, playing fields and other recreational areas,
- washing sidewalks, walkways, driveways, parking lots, tennis courts or other hard—surface areas,
- washing down buildings or structures for purposes other than immediate fire protection,
- flushing gutters or permitting water to run or accumulate in any gutter or Street.

Recreational uses other than those specified in Class 2.

Non-commercial washing of motor and other vehicles.

Air Conditioning (see also Class 2 purposes):

- refilling cooling towers after draining.

(d) “Base Entitlement” shall mean the monthly usage for a customer during the same month of the preceding calendar year or the average per customer usage for each class of service during the same month of the preceding year.

(e) “Curtailed Entitlement” shall mean the monthly usage for a customer after any curtailment percentage has been applied.

(f) “Curtailment” shall mean the reduction in entitlement by some percentage to meet anticipated water shortages.

(g) Water Shortage Response Phases:

“**Advisory**” shall mean that conditions exist which indicate the potential for serious raw or treated water supply shortages.

“**Alert**” shall mean the raw or treated water supplies are consistently below seasonal averages, and if they continue to decline, may not be adequate to meet normal needs.

“**Emergency**” shall mean that raw or treated water supplies are below the level necessary to meet normal needs and that serious shortages exist in the area.

(h) “**Rationing**” shall mean that procedures must be established to provide for the equitable distribution of critically—limited raw or treated water supplies, in order to balance demand and limited available supplies, and to assure that sufficient water is available to preserve public health and safety.

Section 3. Applicability. The provisions of this Plan shall apply to all retail and wholesale customers of the Mountain Water District when implemented, this Plan becomes Mountain Water District Water Shortage Response Regulation.

Section 4. Entitlements. Entitlements shall be established for each customer by adjusting the base entitlement to reflect any known change in usage pattern.

Section 5. Determination of Water Shortage. Water supply and usage shall be monitored on a continuous basis. Unrestricted demand shall be projected from past records and adjusted for changes such as new developments and weather conditions on a regular basis. (Note: A sample calculation page is attached as Appendix A to assist in determining overall water levels. It is important that accurate water measurements be used.) Water shortages generally occur for two reasons, a reduction in available supplies or a system failure. Each of these has a distinct influence on the nature and duration of the conservation program implemented. Official declaration of a water shortage stage and implementation of the measures necessary to curtail water use shall be approved by the Mountain Water District.

Section 6. Term of Water Shortage Declaration. Any water shortage declaration shall remain in effect until water supplies of service conditions have returned to normal. A final determination as to terminating a water shortage declaration shall be made by the Board of Commissioners of the Mountain Water District.

Section 7. Water Shortage Stage, Criteria, Conservation and Curtailment Measures.

A. Advisory Stage:

- (1) Criteria: A water advisory shall be declared when the amount of treated water or raw water available for treatment is projected to be up to 10% below demand, or there are periods of low water pressure in one or more areas of the distribution system due to system failure or inadequacies or the State Division of Water issues a Water Shortage Watch which includes the areas from which the Mountain Water District draws water. (Note: Additional conditions may be added based on local conditions.)
- (2) Conservation and Curtailment Measures:
 - (a) Declare a Water Shortage Advisory.
 - (b) Provide proper notice to all customers and to all local news media.
 - (c) Eliminate all water leaks.
 - (d) Request voluntary conservation of all non-essential (Class 3) water use.
 - (e) Request wholesale customers also issue request for voluntary conservation by their customers of all non-essential (Class 3) water use.

B. Alert Stage:

- (1) Criteria: A water alert shall be declared when the amount of treated water available is projected to be up to % below demand, or raw water supplies are consistently below seasonal averages and if they continue to decline, may not be adequate to meet normal needs. (Note: Additional conditions may be added based on local conditions.)
- (2) Conservation and Curtailment Measures:
 - (a) Declare Water Shortage Alert.
 - (b) Provide proper notice to all customers and to all local news media.
 - (c) Eliminate all water leaks.
 - (d) Prohibit all non—essential (Class 3) water uses.

- (e) Curtail entitlements to all customers by the same percentage as the projected shortage.
- (f) Begin billing all customer water usage in excess of curtailed entitlement at the normal rate plus an excess usage charge of \$5.00 per 1,000 gallons.

C. Emergency Stage:

1. Criteria: A Water Emergency shall be declared when the amount of treated water available is projected to be up to 20% below demand, or there are periods of no water in one or more areas of the distribution system due to low water supply or raw water supplies below the level necessary to meet normal needs. (Note: Additional conditions may be added based on local conditions.)
2. Conservation and Curtailment Measures:
 - (a) Declare Water Shortage Emergency.
 - (b) Provide proper notice to all customers and to all local news media.
 - (c) Eliminate all water leaks.
 - (d) Prohibit all Class 3 uses of water.
 - (e) Prohibit all Class 2 uses of water except Domestic uses for kitchens, bathrooms and laundries.
 - (f) Curtail all commercial and industrial entitlements (except Health Care Facilities) by 100%.
 - (g) Curtail Residential entitlements by the same percentage as the projected shortage.
 - (h) Curtail entitlements to all wholesale customers by the same percentage as the projected shortage.
 - (i) Begin billing all customer water usage in excess of curtailed entitlement at the normal rate plus an excess usage charge of \$8.00 per 1,000 gallons.

D. Rationing Stage:

1. Criteria: Treated water available is greater than 20% below demand or raw water supplies are below

the level necessary to meet essential needs, and in the opinion of Mountain Water District Board of Commissioners, mandatory rationing is required to insure adequate water is available to maintain public health and safety.

2. Conservation and Curtailment Measures:

- (a) Declare Water Shortage Rationing.
- (b) Provide proper notice to all customers and to all local news media.
- (c) Eliminate all water leaks.
- (d) Prohibit all Class 3 and Class 2 uses of water.
- (e) Curtail all commercial and industrial entitlement (except Health Care Facilities) by 100%.
- (f) Curtail all residential and wholesale entitlements by the same percentage as the projected shortage.
- (g) Implement service interruptions to portions of system in accordance with approved published schedule. The schedule shall be provided to all local media.
- (h) Begin billing customer water usage in excess of curtailment entitlement at the normal rate plus an excess usage charge of \$15.00 per 1,000 gallons.

Section 8. Enforcement of Water Restriction. Any person who violates the provisions of this Plan, who fails to carry out the duties and responsibilities imposed by this Plan, or who impedes or interferes with any action undertaken or ordered pursuant to this Plan shall be subject to the following:

- (a) If the utility official charged with implementation and enforcement off this Plan learns of any violation of any water use restriction imposed, a written notice of the violation shall be affixed to the property where the violation occurred and mailed to the customer of record. Said notice shall describe the violation and order that it be corrected, cured, or abated immediately or within 48 hours.
- (b) The notice will inform the customer of his or her right to appeal by requesting a hearing before the utility's designee. If a hearing is requested by the customer, he or she shall be given full opportunity to be heard

before termination. The governing body shall make findings of fact and decide whether service should continue or terminate.

- (c) Any customer whose water Service is terminated for violating provisions of this water curtailment plan shall be subject to the approved reconnection fee prior to reconnection of service.
- (d) The excess usage charge billing provisions of this Plan shall not be put in effect if a county or city ordinance containing penalty provisions is in effect to assist enforcement of this Plan.

Section 9. Request for Exception.

(a) Exception to water use restrictions: If compliance with any curtailment measure authorized herein would cause a customer to bear extraordinary hardship, that individual or entity may apply to the Mountain Water District Board of Commissioners for an exception. For these purposes, "extraordinary hardship" shall be defined as a condition which may threaten health and safety, or cause property or economic losses, each of which must be shown to be substantially more severe than the sacrifices borne by other users. If extraordinary hardship is found to exist, then an exception shall be granted and a written waiver issued to the customer. If an appeal is made, water service shall be continued until a decision is announced. Any person aggrieved by the decision may file a complaint with the Public Service Commission.

- (b) Exception to curtailment surcharge: Exceptions to excess use charges shall not be considered or granted.

Section 10. Severability. If any provision of this Plan is declared invalid by the courts, the remainder of the Plan and its applicability to other persons and circumstances shall not be affected by that declaration.

Section 11. Effective Date. This Plan shall take effect immediately upon approval by the Public Service Commission.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

EXHIBIT 51 (2)

EXHIBIT A

SANITARY SEWER OVERFLOW PLAN

I. PURPOSE

The Mountain Water District has structured this Sanitary Sewer Overflow Plan to satisfy requirements for such plan, as laid forth by the Kentucky Department of Environmental Protection, Division of Water and between the Mountain Water District.

II. GENERAL

The Sanitary Sewer Overflow Plan (SSOP) is designed to define appropriate actions by the District upon notification of a possible sanitary sewage overflow caused by problems within the District owned sewer system. The Mountain Water District shall dispatch the appropriate crews to investigate the possible overflow, identify the responsible party(ies), and provide appropriate customer service to minimize the effects of the overflow on public health and quality of surface waters. The SSOP further includes provisions to ensure safety pursuant to the directions provided by the Division of Water, Kentucky Department of Environmental Protection (DEP) Cabinet and that notification and reporting is made to the appropriate local and state agencies. For purposes of this SSOP, "confirmed sewage spill" is also sometimes referred to as "sewer overflow," "overflow," or "SO." The effective date of this plan will be referred to as "date."

A. Objectives

- The primary objectives of the SSOP are to protect public health and the environment, and satisfy the requirements of regulatory agencies and waste discharge permits which address procedures for managing sanitary sewer overflows.
- Additional objectives of the SSOP are to provide appropriate customer service, protect the wastewater treatment plants and collection, provide appropriate customer service, protect the wastewater treatment plants and collection systems including all related appurtenances and personnel, and
- protect property from overflows resulting from problems within a publicly owned sanitary sewage system.

B. Organization of Plan

The key elements of the SSOP are addressed individually as follows:

Section I	Purpose
Section II	General
Section III	Overflow Response Procedure
Section IV	Regulatory Agency Notification Procedure
Section V	Distribution and Maintenance of SORP

III. OVERFLOW RESPONSE PROCEDURE

The Sanitary Sewer Overflow Response Procedure presents a strategy for the District to mobilize labor, materials, tools and equipment to correct or repair any condition, which may cause or contribute to an un-permitted discharge from a publicly owned sanitary system. A wide range of potential system failures is considered by the plan. Being prepared to respond to system failures could lessen the effect of overflows to surface waters, land, or buildings.

A. Receipt of Information Regarding an SSO

System employees or the public may detect an overflow. The District is primarily responsible for receiving phone calls from the public notifying the District of possible overflows from the wastewater conveyance system. The District is then responsible for forwarding the possible overflow information to the appropriate party within the District.

The emergency response shall be available 24 hours per day, 365 days of the year.

1. The person at the District receiving the call from the public will obtain all relevant information available regarding the possible overflow including:
 - a. Time and date call was received;
 - b. Specific location and/or address of possible overflow;
 - c. Description of problem; and
 - d. Caller's name and call back phone number.
2. Pump station failures are monitored and received by the District. The operator on duty shall convey all information regarding alarms to the District to initiate the investigation.
3. Sanitary sewer overflows detected by any personnel in the course of their normal duties shall be reported to the District. Dispatched personnel should record all relevant overflow information and report back information to the District. The District shall dispatch additional response crews, equipment or contracted services as necessary.
4. It is the responsibility of the appropriate District personnel or the response crew to gather all spill response data and communicate this data back to the District as soon as possible. Until verified, the report of a possible spill will be referred to as a "sewer inspection" (SI), not a "sanitary sewer overflow" (SSO).
5. A sewer inspection or sewer overflow report shall be completed by the maintenance division of the District within 24 hours of the responding crew's confirmation of an overflow. The Wastewater Manager is responsible for

notifying the proper agency(s), including but not limited to the Division of Water (and/or DEP).

B. Dispatch of Appropriate Crews to Site of Sewer

Failure of any element within the District owned and operated wastewater conveyance system that threatens to cause or causes a sanitary sewage overflow will trigger a response to isolate and correct the problem. Crews and equipment shall be available to respond to any SI/SO locations. Crews will be dispatched to any site of a reported SO as soon as possible.

Dispatching Crews

1. Upon receipt of a report of a sewage overflow, all response crew members shall proceed to the District's maintenance facility where they will gather all necessary equipment and resources before proceeding to the site of the SI/SO. Delays or conflicts in assignments and issues regarding equipment and resources shall be reported to the Operations and/or Maintenance Manager for resolution.
2. The response crew leader shall report his/her findings, including possible damage to public system and if assessable to a private party, to the District supervisor. If the District has not received findings from the response crew leader within an appropriate timeframe then they shall contact the response crew leader to determine the status of the investigation.
3. Additional Resources
 - Requests for additional personnel, material, supplies, and equipment from response crews shall be received by the response crew leader and conveyed to the District's Operations or Maintenance Manager.
4. Preliminary Assessment of Damage to Private and Public Property
 - The response crews shall use discretion in assisting property owners/occupants who are affected by a SSO. Be aware that the District could face increased liability for any further damages inflicted to private property during such assistance. Appropriate photographs and video footage, if possible, should be taken of the area of the SSO and impacted area, allowing for thorough documentation of the nature and extent of the impact. Photographs or video tape are to be forwarded to the District Manager (Operations Manager or Maintenance Manager) for filing with the inspection/overflow report.
5. Coordination with Hazardous Material Response
 - Upon arrival at the scene of a SSO, should a suspicious substance (e.g., oil sheen, foamy residue) be found on the ground surface, or should a

suspicious odor (e.g., gasoline) not common to the sewer system be detected, response crew leader shall contact the Mountain Water District Operations or Maintenance Manager and County 911 Manager for guidance before taking further action.

- The District will alert the local fire department if necessary. The response crew leader shall await the arrival of the local fire department. After arrival of the local fire department, response crew members will take direction from the commanding officer of the local fire department. Only when the commanding officer determines it is safe and appropriate for the response crew members to proceed, can containment, clean-up, and corrective activities be performed in accordance with the SSOP.
- **Remember that vehicle engines, portable pumps, or open flames (e.g. cigarette lighters) can provide the ignition for an explosion or fire should flammable vapors or fluids be present at the site. Maintain a safe distance and observe caution until and after assistance arrives.**

6. Post-Cleanup Activities

Appropriate Mountain Water District personnel will conduct a follow up visit to the site of the overflow, if possible, to ensure the provisions of the SSOP and other directives were properly followed.

The response crew leader is responsible for confirming that the overflow was reported to the District and Division of Water regional office or Frankfort office.

C. Overflow Correction, Containment, and Clean-Up

Blocked sewers, pipe failures, or mechanical malfunctions can cause sanitary sewage overflows. Other natural and man-made disturbances are also possible causes of sanitary sewer overflows.

This section describes specific actions to be performed by response crews during an SSO. The objectives of these actions are to:

- Determine the apparent cause of the overflow, for example whether the cause lies in the publicly owned sewer or private lateral,
- Protect public health, the environment and property by minimizing SSO impacts as soon as possible;
- Establish perimeters with appropriate barricades and control zones with vehicles or natural topography (e.g., hills, berms);

- Communicate preliminary overflow information and potential impacts as soon as practical to the regulatory agency, and
- Contain the SSO to the maximum extent possible including preventing the discharge of sanitary sewage into surface waters.

Circumstances may arise when the District could benefit from the support of private-sector construction assistance.

1. Responsibilities of Response Crew Upon Arrival

It is the responsibility of the first personnel who arrive at the site of a sanitary sewer overflow to protect the health and safety of the public by mitigating the impact of the overflow to the extent possible. Should the overflow not be the responsibility of the District, but there is imminent danger to public health, public or private property, or to the waters of the Commonwealth, then prudent action should be taken until the responsible party assumes control and provides remedial actions. Upon arrival at a SSO the response crew should do the following:

- Determine the cause of the sanitary sewer overflow,
- If necessary, identify and request additional resources to correct the overflow or to determine its cause,
- Determine if private property is impacted. If it is, the District will inform the Division of Water (or DEP if appropriate) if required.

***Kentucky Division of Water
Hazard Regional Office***

Phone: 606-435-6022

Fax: 606-435-6025

24-hour phone number: 800-928-2380

Kentucky Department of Environmental Protection

24-hour phone number: 800-928-2380 (Environmental Response Team)

Fax: 502-564-9899

- Determine appropriate personnel, materials, supplies, and/or equipment which can be dispatched to minimize the impact of the overflow.

2. Initial Measures for Containment

Initiate measures to contain the SSO, thereby minimizing impact to public health or the environment.

3. Additional Measures Under Potentially Prolonged Overflow Conditions.

In the event of a prolonged sewer line blockage or a sewer line collapse, a determination should be made to set up a portable by-pass pumping operation around the obstruction.

- Appropriate measures shall be taken to effectively handle the sewage flow.
- Continuous or periodic monitoring shall be implemented as required.
- Regulatory agency issues shall be addressed in conjunction with emergency repairs.

4. Cleanup

Sewer overflow sites are to be promptly cleaned to the highest degree possible after an overflow. No readily identifiable residue is to remain in the area of the SSO.

- The SSO site is to be secured to prevent access to the site by the public until the site has been thoroughly cleaned.
- Where practical, the area is to be thoroughly flushed and cleaned of any sewage or wash-down water. Solids and debris are to be transported for proper disposal.
- Where appropriate, the overflow site is to be disinfected and ponds formed by the SSO will be pumped dry and the residue will be disposed of properly.

D. Overflow Report

An overflow report shall be completed by the response personnel, who shall promptly notify the Maintenance Manager or Operations Managers within the District when the overflow is eliminated. To properly complete an overflow report:

- Determine if the SSO may have impacted the surface waters.
- Characterize the SSO by evaluating the following:
 - a. Sewage overflows to stormwater system,

- b. Preplanned or emergency maintenance jobs involving bypass pumping,
 - c. Overflows where observation or on-site evidence clearly indicates all sanitary sewage was retained on land and did not reach surface water and where cleanup occurs, and any other pertinent information relating to each individual SSO.
- Use one of the following criteria to estimate the start date/time of the SSO:
 - a. Information reported to the District and later substantiated by a sewer investigator or response crew, or
 - b. Visual observation.
- Use one of the following criteria to estimate the end date/time of the SSO:
 - a. When the blockage is cleared or flow is controlled or contained; or(When the flow of the sanitary sewer is controlled or contained by removing the blockage.)
 - b. The arrival time of the sewer investigator or response crew, if the overflow stopped between the time it was reported and the time of arrival.
- Estimate the flow rate of the SSO in gallons per minute (GPM) by:
 - a. Direct observations of the overflow or;
 - b. Estimated measurement of actual overflow.
- Estimate the volume of the sanitary sewer overflow when rate of overflow is known by:
 - a. Multiplying the duration of the overflow by the overflow rate.
- Photograph the event.
- Describe any damage to the exterior areas of public/private property.

IV. REGULATORY AGENCY NOTIFICATION PLAN

The Regulatory Agency Notification Plan establishes procedures that the District shall follow to provide formal notice to the Division of Water as necessary in the event of SSOs. The following reporting criteria explain to whom various forms of notification should be sent, and lists agencies/individuals to be contacted.

Notification Procedure:

The District should notify the county regulatory agency representatives as soon as possible and keep them abreast of response actions and final corrective actions.

Notification will be by telephone or by fax no later than twenty-four (24) hours or the next working day after an overflow is confirmed.

***Kentucky Division of Water
Hazard Regional Office***

Phone: 606-435-6022

Fax: 606-435-6025

24-hour phone number: 800-928-2380

Kentucky Department of Environmental Protection

24-hour phone number: 800-928-2380 (Environmental Response Team)

Fax: 502-564-9899

Pike County Health Department

Phone: 606-437-5500

Pike County 911 Office

Phone: 606-432-0210

V. DISTRIBUTION AND MAINTENANCE OF SSOP

Annual updates to the SSOP will be made to reflect all changes in policies and procedures as may be required to achieve its objectives.

A. Submittal and Availability of SSOP

Copies of the SSOP and any amendments will be distributed to the following departments and functional positions:

Main Office – one copy.

Maintenance Division – One copy per operations management personnel.

Plants – one copy per location.

All other personnel who may become incidentally involved in responding to overflows should be familiar with the SSOP. Appended to the SSOP is a sign off sheet that states that they have read and completely understand the SSOP.

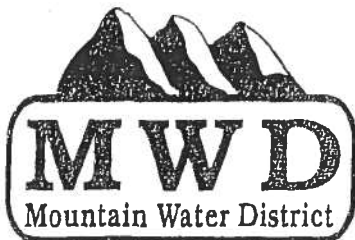
B. Review and Update of SSOP

The SSOP will be reviewed and amended as appropriate. The District will:

- Up-date the SSOP with the issuance of a revised or new KPDES permit or state waste discharge permit.
- Review and up-date, as needed the various contact person lists included in the SSOP.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

EXHIBIT 51a



P. O. BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

March 4, 2015

Jeff Derouen
Executive Director
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Summary Report
807 KAR 5:006 (27)
Winter Storms Octavia and Pandora

Dear Mr. Derouen,

In the early morning hours of February 15, 2015 Winter Storm Octavia began to blanket all of Eastern Kentucky in ten to twelve inches of snow. The District was closed on February 16th, 2015 for President's Day and by that Tuesday road conditions were so treacherous that the District had to close to keep employees and customers safe and off the roads, except in emergencies. As the week progressed, temperatures plummeted into the -10 range or lower. Schools and businesses closed and people began to run their water 24 hours a day to keep it from freezing in the pipes; many experiencing leaks on their side, and we began to see intermittent power outages across the county. Mountain Water District issued a Notice to Conserve Water to its customers, urging them to reduce the amount of water they were letting run from their faucets around the clock and requesting that they notify us immediately of any leaks they discovered.

By Saturday, February 21, 2015 it became apparent that storage depletion was becoming an issue due to customers leaving their water running constantly and having leaks on their side that were unattended and power outages occurred causing the District to use generators in various locations across the county to keep water pumping to the tanks. It reached critical levels on that day and the initial outage consisted of approximately 1,200 customer connections in the areas of Indian Creek, Long Fork of Virgie, Kelly Mountain, Mills Branch, Contrary Hollow, Robinson Creek, Dorton, Elkhorn Creek, Beefhide, Shelby Valley, Blackberry, Hardy to Buskirk, Stone, Kimper, Routes 194 and 632, Widows Branch and Stopover. As the outage areas grew, the District issued a system wide boil water advisory to all of its customers due to the water shortage upon restoration of service. The District began daily updates to the Pike County Emergency Management Operations Center, the Public Service Commission, the Division of Water, the Pike County Health Department, the school system, radio and local TV stations, newspapers, the District's Board of Commissioners and our customers via our web site and phone system messages.

Winter Storm Pandora began that weekend by sending freezing rain across the county which caused loss of telemetry in the system due to ice accumulation and isolated flash flooding and hampered restoration efforts even more. However, the District's employees were dispatched in all areas to find leaks and keep the tanks as full as possible, but the District couldn't keep up with the demand of customer use and undiscovered leaks and outage areas began to increase.

As the ice melted in the river, the District's intake at the water treatment plant became unable to pull water from the river due to ice and debris clogging the pumps. The nearby cities of Pikeville and Williamson experienced the same issues with their intakes, and both of the purchase points for these cities were turned off or cut back so that each could resolve their issues. By Sunday, February 22, 2015 those experiencing outages had climbed to 8,700 as tanks continued to lose storage and the District continued to battle the intakes at the river and loss of service connections from Pikeville and Williamson.

On February 23, 2015 the outage count reached its peak at 13,100 customer connections as our water plant and the City of Pikeville began to be able to produce and distribute water once again. The District began to systematically restore service while looking for leaks in each area as they went.

On February 24, 2015 the outage count was reduced to approximately 6,500, however the City of Williamson remained unable to restore our service at the purchase points.

On February 25, 2015 the City of Williamson began to make a limited amount of water available to the District and we began to restore service to the areas served by that source in the Blackberry, Hardy, South Williamson, Stone and Big Creek areas. We reduced the outage count to approximately 4,500 and continued the systematic restoration of service and leak detection plan. The City of Pikeville lifted their boil water advisory on this day and we were notified that the City of Williamson had not issued a boil water advisory on their connection.

The number of customers out of service was reduced to 1,000 by February 27, 2015 and we began to be able to sample and perform partial lifts of the system wide boil water advisory. All advisory information was transmitted via radio stations, on the web site and social media, by the Code Red system, newspaper distribution and the outage line on the District's phone system.

The District continued its restoration efforts through the weekend and by Monday, March 2, 2015 had reduced the outage number to approximately 250 customer connections concentrated in the Beefhide, Elkhorn and Route 805 areas of the county. Due to excessive customer use as water was restored in the surrounding areas and leaks on the customer's side, it has been extremely difficult to build storage and restore water to those customers. However, as of March 3, 2015 we have found the larger leaks and

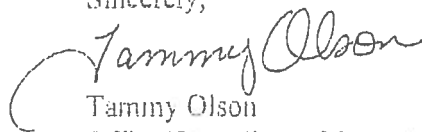
turned those services off and have begun to gain in the tanks and anticipate restoring the final customers over night tonight.

In retrospect, there is nothing that the District nor Utility Management Group, LLC could have done to prevent this situation. The cause of the event was two weather events that occurred back to back, the likes of which this area has not seen in decades. The District's tanks were at capacity at the beginning of the event and it took several days before the bulk of the District's customers experienced outages due to the storage in the tanks. However, without the ability to produce water due to the condition of the river, the District's wholesale providers having to discontinue their source of water for a time, and the various leaks and excessive use of the District's customers draining the tanks faster than normal, there was no way to replenish the tanks until those issues were resolved.

As of today, March 4, 2015, we anticipate having the remainder of our customer's water service restored by tomorrow morning. Partial boil water advisory lifts have been issued to all areas with the exception of the Phelps, Stopover, Freeburn, Woodman area; parts of the Shelby Valley area; and the Beefhide, Elkhorn and Route 805 areas. We anticipate being able to lift the Phelps areas and parts of the Shelby Valley area as early as today, and the rest will be lifted as samples are taken and approved by the Division of Water this week.

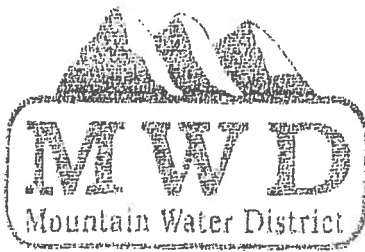
If you have any questions or concerns, please contact me at 606/631-6165.

Sincerely,



Tammy Olson
Office/Compliance Manager

cc: Grondall Potter, Manager
Roy Sawyers, District Administrator
file



PO BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

February 21, 2015

Public Service Commission
Mr. George W. Wakim
Manager
Water and Sewer Branch
Engineering Division
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

Re: Summary Report
807 KAR 5:006 (27)
Cold Weather Event Beginning 2/15/15
Pike County, Ky.

Dear Mr. Wakim:

The Mountain Water District has been experiencing affects from Winter Storm Octavia since February 15, 2015 to present. We are currently in the beginning stages of water storage depletion due to customer use to prevent freezing, possible leaks on the customer's side due to freezing water lines, intermittent power outages to booster pump stations and as of late, ice accumulations which have resulted in the loss of telemetry.

The District has had no major water line breaks since the beginning of this cold weather event, has responded with generators to the power outage locations as applicable, and leak detection services have been provided to determine water loss. Most identified leaks have been on the customer's side and the City of Pikeville along with the City of Williamson are experiencing similar issues which will soon limit available water for purchase from both systems. Water storage is expected to reach critical levels by this afternoon into tomorrow with loss of service anticipated to outlying areas of Pike County beginning in the higher elevations.

The following areas are currently experiencing or are expected to experience outages in the next 24 hours: Indian Creek, Long Fork of Virgie, Kelly Mountain (Elkhorn), Mills Branch (Elkhorn), Contrary Hollow (Elkhorn), Robinson Creek, Dorton, Elkhorn Creek, Beehive, Shelby Valley, Blackberry, Hardy Mountain to Buskirk, Stone, Runyon's Branch, Highway 199, Highway 194, Highway 632, Widows Branch and Stopover.

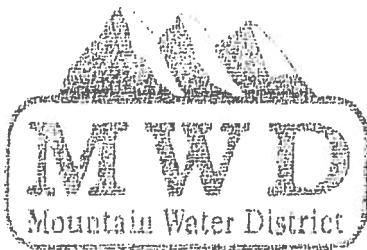
There are approximately 1,200 service connections affected at this time and all outage areas will be on a boil water advisory upon restoration of service until further notice.

I will continue to update you on the situation as more information becomes available.

Please contact me with any questions or concerns you may have at 606-631-9162.

Sincerely,
Grondall Potter
Manager

cc: Roy Sawyers, District Administrator
Greg May, UMG COO
file



PO BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

February 22, 2015

Public Service Commission
Mr. George W. Wakim
Manager
Water and Sewer Branch
Engineering Division
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

Re: Summary Report
807 KAR 5:006 (27)
Cold Weather Event Beginning 2/15/15
Pike County, Ky.

Dear Mr. Wakim:

The Mountain Water District has been experiencing affects from Winter Storm Octavia and Pandora since February 15, 2015 to present. Our system is currently depleted in water storage due to customer use to prevent freezing, leaks on the customer's side due to freezing water lines, intermittent power outages to booster pump stations and as of late, ice accumulations which have resulted in the loss of telemetry and the inability to pump raw water to our plant due to ice build-up in the river blocking the intake screens.

The District has had no major water line breaks since the beginning of this cold weather event, has responded with generators to the power outage locations as applicable, and leak detection services have been provided to determine water loss. The vast majority of leaks have been on the customer's side and the City of Pikeville along with the City of Williamson are experiencing similar issues which has limited the ability to produce and provide available water for purchase from both systems. Water storage has reached critical levels and will remain as such until the District and its providers can produce water and customer leaks have been identified and isolated.

Wide spread outages are currently being experienced throughout the Mountain Water District's system, and the District is in the process of issuing a system wide boil water advisory to protect its customers as service is restored.

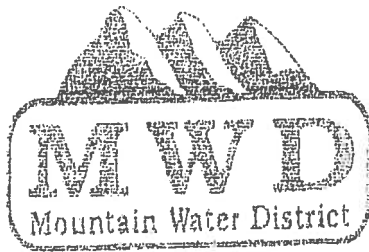
There are approximately 8,700 or 50% of service connections affected at this time and that number is expected to climb by late this afternoon into tomorrow to 75% if current conditions do not improve.

I will continue to update you on the situation as more information becomes available.

Please contact me with any questions or concerns you may have at 606-631-9162.

Sincerely,
Grondall Potter
Manager

cc Roy Sawyers, District Administrator
Greg May, UMG COO
file



PO BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

February 23, 2015

Public Service Commission
Mr. George W. Wakim
Manager
Water and Sewer Branch
Engineering Division
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

Re: Summary Report
807 KAR 5:006 (27)
Cold Weather Event Beginning 2/15/15
Pike County, Ky.

Dear Mr. Wakim:

The Mountain Water District has been experiencing affects from Winter Storm Octavia and Pandora since February 15, 2015 to present. Our system is currently depleted in water storage due to customer use to prevent freezing, leaks on the customer's side due to freezing water lines, intermittent power outages to booster pump stations and as of late, ice accumulations which resulted in the loss of telemetry and the inability to pump raw water to our plant due to ice build-up in the river blocking the intake screens.

The District has had no major water line breaks since the beginning of this cold weather event, has responded with generators to the power outage locations as applicable, and leak detection services have been provided to determine water loss. The vast majority of leaks have been on the customer's side and the City of Pikeville along with the City of Williamson are experiencing similar issues which has limited the ability to produce and provide available water for purchase from both systems. Water storage has reached critical levels and will remain as such until the District and its providers can produce water and customer leaks have been identified and isolated.

Wide spread outages are currently being experienced throughout the Mountain Water District's system, and the District has issued a system wide boil water advisory to protect its customers as service is restored. The District and its providers have begun to produce and release water in limited amounts as of late yesterday evening, and we anticipate beginning to methodically restore service; isolating sectors and checking for leaks as water storage is available in each area.

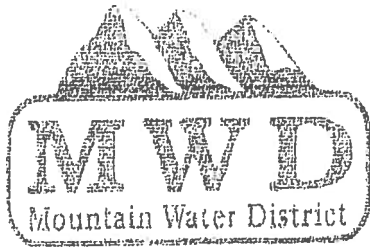
There are approximately 13,100 or 75% of service connections affected at this time and we anticipate this level to stabilize and begin to decrease as the ability to produce and distribute more water becomes available.

I will continue to update you on the situation as more information becomes available.

Please contact me with any questions or concerns you may have at 606-631-9162.

Sincerely,
Grondall Potter
Manager

cc: Roy Sawyers, District Administrator
Greg May, UMG COO
file



PO BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

February 24, 2015

Public Service Commission
Mr. George W. Wakim
Manager
Water and Sewer Branch
Engineering Division
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

Re: Summary Report
807 KAR 5:006 (27)
Cold Weather Event Beginning 2/15/15
Pike County, Ky.

Dear Mr. Wakim:

The Mountain Water District has restored limited raw water pumping and treatment capability at the Russell Fork Water Treatment Plant and is systematically restoring service to its customers. The City of Pikeville is also resolving their water treatment issues and reestablished their ability to provide service to the District yesterday morning, so we are able to begin restoration efforts in limited capacities to those customers we serve with water purchased from them. Unfortunately, the City of Williamson continues to experience issues with raw water pumping and treatment and has not made available our purchase connection in order to begin restoring service in the South Williamson, Belfry, Stone, Hardy and Blackberry areas.

The system wide boil water advisory is still in effect until further notice.

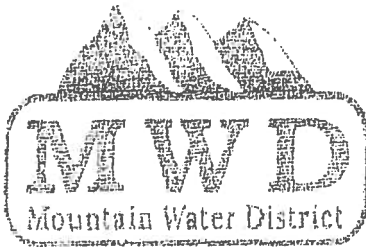
There are approximately 6,200 to 6,500 or 35% to 40% of service connections that remain out of service at this time. We are continuing diligent efforts to restore service.

I will continue to update you on the situation as more information becomes available.

Please contact me with any questions or concerns you may have at 606-631-9162.

Sincerely,
Grondall Potter
Manager

cc: Roy Sawyers, District Administrator
Greg May, UMG COO
file



PO BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

February 25, 2015

Public Service Commission
Mr. George W. Wakim
Manager
Water and Sewer Branch
Engineering Division
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

Re: Summary Report
807 KAR 5:006 (27)
Cold Weather Event Beginning 2/15/15
Pike County, Ky.

Dear Mr. Wakim:

The Mountain Water District has restored limited raw water pumping and treatment capability at the Russell Fork Water Treatment Plant and is continuing systematically restoring service to its customers. The City of Pikeville has resolved their water treatment issues and reestablished their ability to provide service to the District. The City of Williamson continues to experience issues with raw water pumping and treatment but has made a limited amount of water available at our purchase connection in order to begin restoring service in the South Williamson, Belfry, Stone, Hardy, Lower Big Creek and Blackberry areas but this will take time to get to the outlying areas.

The system wide boil water advisory is still in effect until further notice.

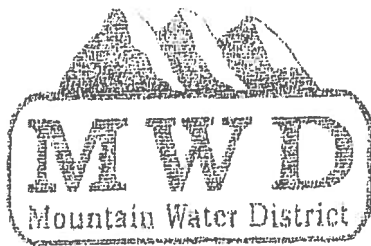
There are approximately 3,500 to 4,500 or 20% to 30% of service connections that remain out of service at this time. We are continuing diligent efforts to restore service.

I will continue to update you on the situation as more information becomes available.

Please contact me with any questions or concerns you may have at 606-631-9162.

Sincerely,
Grondall Potter
Manager

cc: Roy Sawyers, District Administrator
Greg May, UMG COO
file



PO BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

February 26, 2015

Public Service Commission
Mr. George W. Wakim
Manager
Water and Sewer Branch
Engineering Division
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

Re: Summary Report
807 KAR 5:006 (27)
Cold Weather Event Beginning 2/15/15
Pike County, Ky.

Dear Mr. Wakim:

The Mountain Water District is continuing its diligent efforts to restore service to its customers and is building storage in the tanks in outlying areas.

The system wide boil water advisory is still in effect until further notice.

There are approximately 2,500 or 15% of service connections that remain out of service at this time.

I will continue to update you on the situation as more information becomes available.

Please contact me with any questions or concerns you may have at 606-631-9162.

Sincerely,
Grondall Potter
Manager

cc: Roy Sawyers, District Administrator
Greg May, UMG COO
file



PO BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

February 27, 2015

Public Service Commission
Mr. George W. Wakim
Manager
Water and Sewer Branch
Engineering Division
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

Re: Summary Report
807 KAR 5:006 (27)
Cold Weather Event Beginning 2/15/15
Pike County, Ky.

Dear Mr. Wakim:

The Mountain Water District is continuing its diligent efforts to restore service to its customers and is building storage in the tanks in outlying areas.

A partial boil water advisory lift has been performed for the initial system wide advisory. The release areas have been provided to the media, the regulatory agencies and on our web site for their information.

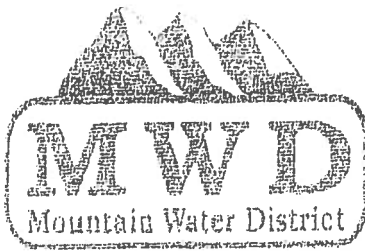
There are approximately 1,000 or 6% of service connections that remain out of service at this time, and projections indicate that by late Sunday all of the District's connections should be in service, barring any unexpected circumstances.

An update on our weekend progress will be sent to you on Monday, March, 2nd, 2015.

Please contact me with any questions or concerns you may have at 606-631-9162

Sincerely,
Grondall Potter
Manager

cc: Roy Sawyers, District Administrator
Greg May, UMG COO
file



PO BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
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TDD: (606) 631-3711

March 2, 2015

Public Service Commission
Mr. George W. Wakim
Manager
Water and Sewer Branch
Engineering Division
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

Re: Summary Report
807 KAR 5:006 (27)
Cold Weather Event Beginning 2/15/15
Pike County, Ky.

Dear Mr. Wakim:

The Mountain Water District is continuing its diligent efforts to restore service to its customers and continues to build storage in the tanks in outlying areas.

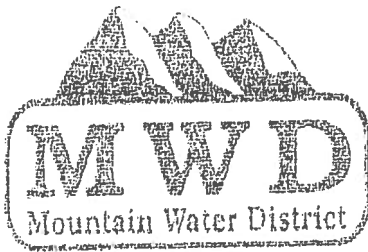
A partial boil water advisory lift was performed in Marrowbone area on Friday and for the main line in the South Williamson area on Saturday. The release areas have been provided to the media, the regulatory agencies and on our web site for their information. We anticipate lifting more areas within the next few days until all areas are removed.

There are approximately 250 or 1% of service connections that remain out of service at this time, and we anticipate restoring those areas as soon as storage sufficiently builds in the areas of Beehide, higher elevations of Elkhorn Creek and Route 805 to Jenkins.

Please contact me with any questions or concerns you may have at 606-631-9162.

Sincerely,
Grondall Potter
Manager

cc: Roy Sawyers, District Administrator
Greg May, UMG COO
file



PO BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

March 3, 2015

The Mountain Water District continues to work diligently to restore service to our customers. Please find listed below a current update.

Robinson Creek Area:

The update for today is much the same as yesterday due to customer usage making it difficult to gain storage in the following areas which are still without service or experiencing intermittent outages at this time: Beefhide, the higher elevations of Elkhorn and from the intersection of Route 197 & Route 805 to Jenkins.

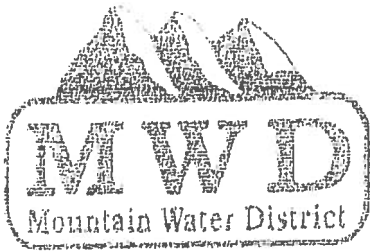
There are approximately 200 - 250 or 1% of service connections affected at this time and we anticipate this level to decrease as restoration efforts continue. We continue to ask that our customers conserve water until the entire system is restored and tank storage returns to normal levels.

The boil water advisory is still in effect for much of the Mountain Water District service area with the exception of the three areas we have lifted at Marrowbone/Shelbiana/Douglas Park area, Zebulon and US 119 to the Sidney area and the main line at South Williamson to Coeburn Mountain.

Please be assured we are continuing in our efforts to restore water service to the affected areas and appreciate the patience of our customers during the restoration process.

Grondall Potter
Manager

*These 2 updates
were sent to
pscwater@ky.gov
at Mr. Wakim's
request. (JP)*



PO BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

March 4, 2015

The Mountain Water District continues to work diligently to restore service to our customers. Please find listed below a current update.

- The higher elevations of Elkhorn Creek (Mills Br, Kelly Mountain Rd., Ashcamp, Kettle Camp, Adams Br., etc.) are still out but we are continuing to find leaks and build storage.

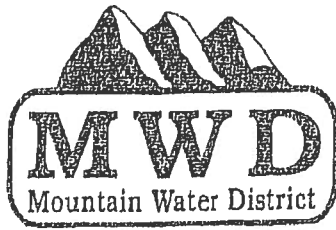
There are approximately 50 - 60 service connections affected at this time.

We continue to ask that our customers conserve water until the entire system is restored and tank storage returns to normal levels.

The boil water advisory is still in effect for much of the Mountain Water District service area with the exception of the three areas we have lifted at Marrowbone/Shelbiana/Douglas Park area, Zebulon and US 119 to the Sidney area and the main line at South Williamson to Coeburn Mountain.

Please be assured we are continuing in our efforts to restore water service to the affected areas and appreciate the patience of our customers during the restoration process.

Grondall Potter
Manager



P. O. BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

FEBRUARY 20, 2015

WATER CONSERVATION NOTICE

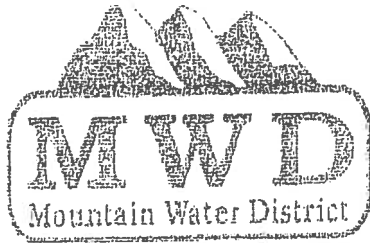
The Mountain Water District is urging its customers to please practice water conservation during this severe cold weather event.

We understand that customers are allowing their water to run to prevent freezing, however, this practice is rapidly depleting water storage within the system. If you feel you must do this, minimize water flow to a trickle.

To assist the District during this time, if you notice water running from an abandoned or unoccupied dwelling, a meter base or any suspicious potential leak, please notify the District immediately by calling 606-631-9162.

Thank you for your assistance in this matter.

Roy Sawyers
District Administrator



PO BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

BOIL WATER ADVISORY ISSUED

FEBRUARY 21, 2015

A BOIL WATER ADVISORY IS BEING ISSUED TO PROTECT MOUNTAIN WATER DISTRICT CUSTOMERS AGAINST POTENTIAL BACTERIA CONTAMINATION. WATER USED FOR DRINKING OR COOKING PURPOSES SHOULD BE BOILED AT A ROLLING BOIL FOR AT LEAST THREE MINUTES. THE AFFECTED AREAS ARE:

Elkhorn Creek/Shelby Gap

Indian Creek

Little Robinson

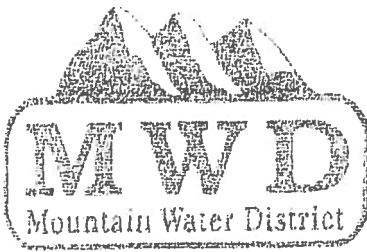
Long Fork

~~Little Fork~~-Lizzie Fork

Upper Blackberry

THIS NOTICE IS IN EFFECT UNTIL FURTHER NOTICE.

Grondall Potter
Manager



PO BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

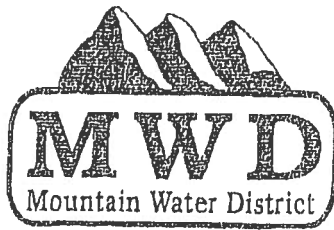
BOIL WATER ADVISORY UPGRADED TO SYSTEM WIDE

FEBRUARY 22, 2015

A SYSTEM WIDE BOIL WATER ADVISORY IS BEING ISSUED TO PROTECT MOUNTAIN WATER DISTRICT CUSTOMERS DUE TO THE EFFECTS OF WINTER STORMS OCTAVIA AND PANDORA. UPON RESTORATION OF SERVICE, WATER USED FOR DRINKING OR COOKING PURPOSES SHOULD BE BOILED AT A ROLLING BOIL FOR AT LEAST THREE MINUTES PRIOR TO CONSUMPTION.

THIS NOTICE IS IN EFFECT UNTIL FURTHER NOTICE.

Grondall Potter
Manager



P. O. BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

FEBRUARY 28, 2015

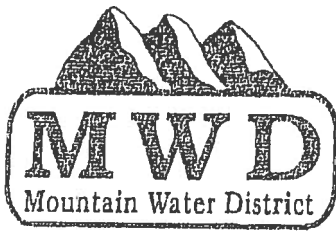
PARTIAL BOIL WATER ADVISORY LIFTED

MOUNTAIN WATER DISTRICT HAS LIFTED THE BOIL WATER ADVISORY
IN THE FOLLOWING AREA:

- ON US 119 AT SOUTH WILLIAMSON FROM SWEET DREAMS SUITES MOTEL ALONG THE MAIN LINE TO THE FOOT OF COBURN MOUNTAIN. THIS INCLUDES FOREST HILLS, CHURCH HOUSE HOLLOW, MURPHY BOTTOM, PECCO HOLLOW, JERRY BOTTOM AND THE FOREST TRACE APARTMENT COMPLEX AND ALL SIDE LINES WITHIN THIS ROUTE.
- DOES NOT INCLUDE THE HARDY AND STONE AREAS AT THIS TIME.

MOUNTAIN WATER DISTRICT APOLOGIZES FOR ANY INCONVENIENCE
TO ITS CUSTOMERS.

GRONDALL POTTER
MANAGER



P. O. BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

MARCH 2, 2015

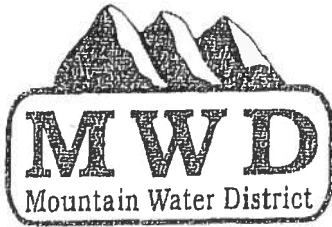
PARTIAL BOIL WATER ADVISORY LIFTED

MOUNTAIN WATER DISTRICT HAS LIFTED THE BOIL WATER ADVISORY
IN THE FOLLOWING AREA:

- FROM WIDE OPEN OUTDOORS ALONG US 119 TO BENT MOUNTAIN AND ON OLD US 119 AT ZEBULON, INCLUDING BURNING FORK, RACCOON CREEK, CABIN KNOLL AND ALL OTHER SIDE HOLLOWES
- US 119 FROM BENT MOUNTAIN, DOWN THE SIDNEY EXIT TO THE BEVINS ELEMENTARY SCHOOL AND ALONG THE MAIN LINE AT SIDNEY INCLUDING MEATHOUSE, PIGEONROOST, AND DIX FORK
- ON ROUTE 194 TOWARD KIMPER UP TO THE ROUTE 632 INTERSECTION AT L & M MART
- THIS PARTIAL LIFT DOES NOT INCLUDE BRUSHY, LOWER BIG CREEK, HATFIELD, OR LONG FORK OF TURKEY CREEK AT THIS TIME

MOUNTAIN WATER DISTRICT APOLOGIZES FOR ANY INCONVENIENCE
TO ITS CUSTOMERS.

GRONDALL POTTER
MANAGER



P. O. BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711

MARCH 3, 2015

PARTIAL BOIL WATER ADVISORY LIFTED

MOUNTAIN WATER DISTRICT HAS LIFTED THE BOIL WATER ADVISORY
IN THE FOLLOWING AREA:

- ALL REMAINING AREAS IN THE SOUTH WILLIAMSON AREA
INCLUDING HARDY, STONE, BLACKBERRY, MCCARR, LOWER BIG
CREEK, TURKEY CREEK, AND ALL SIDE HOLLOWES
- ALL OF HURRICANE OF BOLDMAN ALONG US 23 TO COWPEN,
STONE COAL, JOES CREEK, MILLERS CREEK, JOHNS CREEK AND
ALL SIDE HOLLOWES

MOUNTAIN WATER DISTRICT APOLOGIZES FOR ANY INCONVENIENCE
TO ITS CUSTOMERS.

GRONDALL POTTER
MANAGER

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 52 Please reference the Company's response to AG 1-59. List any and all plans the Company has in place to reduce the 30.2% water loss above and beyond what is listed in response to AG 1-60.

WITNESS: Potter / Sawyers

RESPONSE: The District would propose an alternative level; a goal to trim the current amount of water loss to twenty five percent (25%) in five (5) years; and twenty percent (20%) in five (5) years thereafter; however the District at this time can provide no hard evidence to support this goal. Until the District is able to locate additional funding resources; the inability to repair and replace aging infrastructure will continue being the contributing factor for water loss.

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 53 Please reference the Company's response to AG 1-66(d). Provide the names of all contractors that conducted the work and bid amount versus the actual amount paid in full.

WITNESS: Sawyers

RESPONSE:

Case No.	Contract Name	Contractor	Bid Amount	Actual Paid
2005-00436	Johnscreek Contract 1A & 1B	BP Pipeline	2,145,910.00	1,533,929.85
2005-00436	Johnscreek/Dry Branch	Patriot Construction	717,479.00	656,804.90
2005-00436	Johnscreek Contract 3	Micro Com	42,274.00	42,274.00
2005-00436	Johnscreek Contract 4/Connector	H2O Construction	543,182.50	929,417.00
2004-00194	Shelby Contract 1	H2O Construction	961,562.25	1,276,002.75
2004-00194	Shelby Contract 2	BMM Construction	1,042,225.00	1,915,079.50
2004-00194	Shelby Contract 3	M & S General	1,034,938.00	976,107.85
2004-00194	Shelby Contract/Douglas	M & S General	1,139,600.00	1,095,865.00
2008-00052	Water Treatment Plant Exp.	Howard Construction	1,115,000.00	1,657,616.38
2009-00541	Collins Hwy/Contract 2	H2O Construction	502,075.00	509,871.00
2004-00130	Radio Read Meter Project	All work was performed in house.		
2006-00438	Cowpen Sewer Project	Project was transferred to City of Pikeville.		

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 54 Concerning health care cost for MWD:

Q 54(a) Please provide the most current health care premiums and related invoices.

WITNESS: Sawyers

RESPONSE: Please see Exhibit 54(a)

Q 54(b) Show in detail how the current health care premiums and/or invoices were used to derive the Company's requested amount of health care cost.

WITNESS: Sawyers

RESPONSE: It was the same coverage the MWD Board approved when the employee was hired.

Q 54(c) Reconcile the amount of the Company's requested amount of health care cost to the most current invoices. Identify, quantify and explain all differences.

WITNESS: Sawyers

RESPONSE: The plan is exactly like the original policy. Only changes were an increase to the premium due to insurance rate change.

Q 54(d) Has the Company raised premiums for employees, raised co-pays for doctor visits and/or pharmacy in order to assist in keeping the insurance costs within reason?

WITNESS: Sawyers

RESPONSE: No, but the board will consider at the policy renewal period.

Exhibit 54(a)

sin costo adicional, llamando al n mero de servicio al cliente que aparece
al dorso de su tarjeta de identificaci n o en el folleto de inscripci n.

Invoice #: 124417145

PRIOR BILLING PERIOD COVERAGE FROM 02/01/2015 THRU 02/28/2015

Previous Total Due		\$887.28	
Payment	Received on 02/06/2015	(\$887.28)	
Outstanding Balance as of 02-24-2015			\$0.00

CURRENT PERIOD COVERAGE FROM 03/01/2015 THRU 03/31/2015

	Life 2	\$5.50	
	Plan 49	\$807.28	
	Life 3	\$11.00	
	Dental 3	\$63.50	
Current Period Total			\$887.28

PLEASE PAY THIS AMOUNT \$887.28

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 55 Concerning health care cost for UMG:

Q 55(a) Please provide the most current health care premiums and related invoices.

WITNESS: Meyer

RESPONSE: Copies of March 2015 invoices for health and dental insurance are attached

Q 55(b) Show in detail how the current health care premiums and/or invoices were used to derive the Company's requested amount of health care cost.

WITNESS: Meyer

RESPONSE: The employer portion of health care premium costs is charged to each cost center (including Mountain Water District) based on the project or direct cost center that each employee works for. Consequently, the amount of health insurance expense identified on the financial statements for the Mountain Water District project represents that amount of premium costs (the employer's portion) that is associated with all UMG employees who work 100% of the time for the project.

Q 55(c) Reconcile the amount of the Company's requested amount of health care cost to the most current invoices. Identify, quantify and explain all differences.

WITNESS: Meyer

RESPONSE: This question is considered overly burdensome. On the health insurance invoices provided, each individual employee who works for the Mountain Water District is identified.

Q 55(d) Has the Company raised premiums for employees, raised co-pays for doctor visits and/or pharmacy in order to assist in keeping the insurance costs within reason?

WITNESS: Meyer

RESPONSE: Yes

Exhibit 55(a)

QUESTION 55.2.



Billing Entity Number:	00241006	Invoice #:	124245856
Billing Entity Name:	UTILITY MANAGEMENT GROUP	Billing Period:	03/01/2015 - 03/31/2015
Group Contact:	BURKE, ROBIN	Date Billed:	02/11/2015
Premium Specialist:	RODMAN, RITA	Payment Due Date:	03/01/2015
Telephone Number:	(317) 287-6726	Invoice Status:	OPEN

Product Summary

Product	Subscribers	Dependents	Current	Retro	Net
Health 1 Premium Subtotal	99	48	\$69,476.36	-\$2,244.58	\$67,231.78
Current Bill Total:			\$69,476.36	-\$2,244.58	\$67,231.78
Balance Carried Forward:					\$66,044.95
Total:					\$133,276.73

Legend

Health 1 Premium Subtotal - Blue Access

SUBSCRIBER LISTING

UTILITY MANAGEMENT GROUP
 ROBIN BURKE
 287 ISLAND CREEK RD
 PIKEVILLE KY 41501-9341

Client No.: 689330
 Subclient No.: 2001
 Contract ID: 1098157
 Product: DELTA DENTAL PPO (STANDARD)
 Eligibility:
 Closing Date: 02/11/2015
 Billing Date: 02/12/2015
 Billing Period: 03/01/2015 - 03/31/2015

Name of Subscriber	Subscriber ID	Coverage Type	Total Due
BLACKBURN, CHRISTO	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	54.38
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER AND SPOUSE	26.68
[REDACTED]	[REDACTED]	SUBSCRIBER AND SPOUSE	26.68
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
BURNETTE, WILLIAM	[REDACTED]	SUBSCRIBER AND SPOUSE	26.68
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
CHILDRESS, CHRISTO	[REDACTED]	SUBSCRIBER ONLY	11.40
CHURCH, JESSE	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER AND SPOUSE	26.68
COLEMAN, WILLIAM	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
DILLS, KRISTOPHER	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER AND 2+ CHILDREN	39.10
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
HATFIELD, KEITH	[REDACTED]	SUBSCRIBER AND 1 CHILD	39.10
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
HUFFMAN, MICHELLE	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	54.38
KEATHLEY, JAMEY	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	54.38
KEENE, ELVIS	[REDACTED]	SUBSCRIBER AND SPOUSE	26.68
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
LOWE, ARTHUR	[REDACTED]	SUBSCRIBER AND SPOUSE	26.68
DAY, COBLY	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
MCKINNEY, SILENA	[REDACTED]	SUBSCRIBER ONLY	11.40
MCPEEK, JAMES	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER AND SPOUSE	26.68
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
NICHOLS, ROBERT	[REDACTED]	SUBSCRIBER ONLY	11.40
NORMAN, ELWOOD	[REDACTED]	SUBSCRIBER ONLY	11.40
POTTE, GRONDALL	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	54.38
POTTER, PATRICIA	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
RAMSEY, RONALD	[REDACTED]	SUBSCRIBER ONLY	11.40
CONTINUED ON NEXT PAGE			
			Current Month Billing

Billing Entity Number: 00241006
 Billing Entity Name: UTILITY MANAGEMENT GROUP
 Group Contact: BURKE, ROBIN
 Premium Specialist: RODMAN, RITA
 Telephone Number: (317) 287-6726

Invoice #: 124245856
 Billing Period: 03/01/2015 - 03/31/2015
 Date Billed: 02/11/2015
 Payment Due Date: 03/01/2015
 Invoice Status: OPEN

Membership Details

Subscriber Name	Subscriber ID	Enrollment ID	Plan	Volume	Subscriber	Dependent	Total
Subgroup: 0000 - Active							
Adkins, Johnny	509M59005	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Beckett, Clarence B	304M62951	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Bentley, Brian K	007M54317	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
Biliter, Christopher D	678M56430	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Blackburn, Christopher	111M79351	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Blackburn, Gary J	265M56415	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
Blackburn, Sterling L	334M62951	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$590.68	\$1,127.68
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Burnette, William R	197M56516	[REDACTED]	Health 1		\$537.00	\$590.68	\$1,127.68
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Childress, Christopher M	312M76251	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Church, Jesse	332M62951	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$590.68	\$1,127.68
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$590.68	\$1,127.68
Coleman, William T	193M56261	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Conley, Randy L	186M54287	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Dempsey, Christopher	652M64272	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Dills, Kristopher R	270M61928	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Dotson, Edward L	315M62951	[REDACTED]	Health 1		\$537.00	\$590.68	\$1,127.68
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$590.68	\$1,127.68
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
Hatfield, Keith E	563M59425	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Huffman, Michelle R	228M56174	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Joyce, Jonathan D	807M58932	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
Justice, Whetsel C	337M62951	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00

Subscriber Name	Subscriber ID	Enrollment ID	Plan	Volume	Subscriber	Dependent	Total
Keathley, Jamcy	251M56424	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Keene, Elvis G	803M56346	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Lowe, Arthur K	535M56352	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Lucas, Timothy A	698M54868	[REDACTED]	Health 1		\$537.00	\$1,122.29	\$1,659.29
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$590.68	\$1,127.68
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$590.68	\$1,127.68
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Mccown, Silena N	223M56590	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$590.68	\$1,127.68
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
Nichols, Robert G	353M62951	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Norman, Elwood	509M56305	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Olson, Tammy S	676M56252	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Potter, Grondall G	826M53726	[REDACTED]	Health 1		\$537.00	\$1,122.29	\$1,659.29
Potter, Patricia H	779M53812	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Ramsey, Ronald T	086M59006	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Scalf, William D	727M56527	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Scott, Michael	439M55692	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Sesco, Jason F	179M59378	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$590.68	\$1,127.68
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
Tackett, Jeffery	327M66406	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Taylor, David W	442M57914	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Thacker, Dewey	170M56618	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
Tackett, Jeffery	327M66406	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Taylor, David W	442M57914	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Thacker, Dewey	170M56618	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$370.51	\$907.51
Watson, Melissa	114M56412	404043682	Health 1		\$537.00	\$1,122.29	\$1,659.29
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
[REDACTED]	[REDACTED]	[REDACTED]	Health 1		\$537.00	\$0.00	\$537.00
Wiles, Christopher R	525M56359	403135948	Health 1		\$537.00	\$370.51	\$907.51
Wright, Terry W	113M61328	402311392	Health 1		\$537.00	\$0.00	\$537.00
Subtotal for Subgroup 0000:							\$69,476.36

02/04/19

01/02/19

UTILITY MANAGEMENT GROUP
 ROBIN BURKE
 287 ISLAND CREEK RD
 PIKEVILLE KY 41501-9341

Client No.: 689330
 Subclient No.: 4001
 Contract ID: 1098158
 Product: DELTA DENTAL PPO PLUS PREMIER
 Eligibility:
 Closing Date: 02/11/2015
 Billing Date: 02/12/2015
 Billing Period: 03/01/2015 - 03/31/2015

Name of Subscriber	Subscriber ID	Coverage Type	Total Due
ADKINS, JOHNNY	[REDACTED]	SUBSCRIBER ONLY	16.64
[REDACTED]	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	71.26
BECKETT, CLARENCE	[REDACTED]	SUBSCRIBER AND SPOUSE	37.82
BENTLEY, BRIAN	[REDACTED]	SUBSCRIBER ONLY	16.64
BILITER, CHRISTOPH	[REDACTED]	SUBSCRIBER AND SPOUSE	37.82
BLACKBURN, GARY	[REDACTED]	SUBSCRIBER ONLY	16.64
BLACKBURN, STERLIN	[REDACTED]	SUBSCRIBER ONLY	16.64
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	16.64
[REDACTED]	[REDACTED]	SUBSCRIBER AND 1 CHILD	50.12
CHANEY, JOHN	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	71.26
[REDACTED]	[REDACTED]	SUBSCRIBER AND SPOUSE	37.82
CONLEY, RANDY	[REDACTED]	SUBSCRIBER AND 2+ CHILDREN	50.12
DEMPSEY, CHRISTOPH	[REDACTED]	SUBSCRIBER ONLY	16.64
DOTSON, EDWARD	[REDACTED]	SUBSCRIBER AND SPOUSE	37.82
[REDACTED]	[REDACTED]	SUBSCRIBER AND 2+ CHILDREN	50.12
[REDACTED]	[REDACTED]	SUBSCRIBER AND SPOUSE	37.82
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	16.64
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	16.64
[REDACTED]	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	71.26
[REDACTED]	[REDACTED]	SUBSCRIBER AND 1 CHILD	50.12
JOHNSON, DESTINEE	[REDACTED]	SUBSCRIBER ONLY	16.64
JOYCE, JONATHAN	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	71.26
JUSTICE, WHETSEL	[REDACTED]	SUBSCRIBER AND 2+ CHILDREN	50.12
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	16.64
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	16.64
LUCAS, TIMOTHY	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	71.26
[REDACTED]	[REDACTED]	SUBSCRIBER AND SPOUSE	37.82
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	16.64
[REDACTED]	[REDACTED]	SUBSCRIBER AND 2+ CHILDREN	50.12
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	16.64
[REDACTED]	[REDACTED]	SUBSCRIBER AND SPOUSE	37.82
[REDACTED]	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	71.26
NEWSOME, FLORA	[REDACTED]	SUBSCRIBER ONLY	16.64
OLSON, TAMMY	[REDACTED]	SUBSCRIBER AND 2+ CHILDREN	50.12
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	16.64
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	16.64
POLLY, GREGORY	[REDACTED]	SUBSCRIBER ONLY	16.64
SESCO, JASON	[REDACTED]	SUBSCRIBER ONLY	16.64
[REDACTED]	[REDACTED]	SUBSCRIBER AND SPOUSE	37.82
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	16.64
[REDACTED]	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	71.26
[REDACTED]	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	71.26
TAYLOR, DAVID	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	71.26
TAYLOR, DAVID	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	71.26
[REDACTED]	[REDACTED]	SUBSCRIBER AND SPOUSE	37.82
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	16.64

CONTINUED ON NEXT PAGE

Current Month Billing



SUBSCRIBER LISTING

UTILITY MANAGEMENT GROUP
ROBIN BURKE
287 ISLAND CREEK RD
PIKEVILLE KY 41501-9341

Client No.: 689330
Subclient No.: 4001
Contract ID: 1098158
Product: DELTA DENTAL PPO PLUS PREMIER
Eligibility:
Closing Date: 02/11/2015
Billing Date: 02/12/2015
Billing Period: 03/01/2015 - 03/31/2015

Name of Subscriber	Subscriber ID	Coverage Type	Total Due
PHOENIXBURY, DONALD	XXXXXXXXXX	SUBSCRIBER AND SPOUSE	37.82
PHOENIXBURY, DONALD	XXXXXXXXXX	SUBSCRIBER, SPOUSE, CHILDREN	71.26
PHOENIXBURY, DONALD	XXXXXXXXXX	SUBSCRIBER, SPOUSE, CHILDREN	71.26
WATSON, MELISSA	XXXXXXXXXX	SUBSCRIBER AND SPOUSE	37.82
WILES, CHRISTOPHER	XXXXXXXXXX	SUBSCRIBER AND 2+ CHILDREN	50.12
WRIGHT, MELISSA	XXXXXXXXXX	SUBSCRIBER ONLY	16.64
WRIGHT, TERRY	XXXXXXXXXX	SUBSCRIBER AND SPOUSE	37.82
Current Month Billing			\$2,059.36



SUBSCRIBER LISTING

UTILITY MANAGEMENT GROUP
ROBIN BURKE
287 ISLAND CREEK RD
PIKEVILLE KY 41501-9341

Client No.: 689330
Subclent No.: 2001
Contract ID: 1098157
Product: DELTA DENTAL PPO (STANDARD)
Eligibility:
Closing Date: 02/11/2015
Billing Date: 02/12/2015

Billing Period: 03/01/2015 - 03/31/2015

Name of Subscriber	Subscriber ID	Coverage Type	Total Due
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
SCALF, WILLIAM	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	54.38
SCOTT, MICHAEL	[REDACTED]	SUBSCRIBER AND SPOUSE	26.68
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
[REDACTED]	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	54.38
TACKETT, JEFFERY	[REDACTED]	SUBSCRIBER ONLY	11.40
THACKER, DEWEY	[REDACTED]	SUBSCRIBER, SPOUSE, CHILDREN	54.38
[REDACTED]	[REDACTED]	SUBSCRIBER ONLY	11.40
Current Month Billing			\$1,105.50

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q56. Please reference the Cost Of Service Study (Water), Schedule W-C, p. 2 of 16. Why are the Wholesale class of customers not allocated any costs associated with water storage (tank painting)? Please provide any documents or analyses to demonstrate that the storage tanks are not used in any manner to provide reliable service to the Wholesale class of customers.

WITNESS: Howard

RESPONSE:

The contracts for water service to the wholesale customers do not provide for separate storage or supplement storage by MWD. No costs for storage are associated with service under those contracts.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q57. Please reference the Cost Of Service Study (Water), Schedule W-C, pages 2 and 3 of 15.

- a. Why are all Legal fees under Customer Accounting (and allocated on factor 12) rather than under Administrative and General (and allocated on factor 14)?
- b. Why are all Accounting and Audit fees under Customer Accounting (and allocated on factor 12) rather than under Administrative and General (and allocated on factor 14)?
- c. Does any of the credit for Contractual Services - UMG - Assumed Expenses by UMG (allocated on factor 14) relate to the Contractual Services - UMG - Account Service charges (allocated on factor 12)? If so, how much of the credit is associated with account service fees?

WITNESS: Howard

RESPONSE:

As pertains to a, b, and c replies, the nature of the allocation ultimately has no impact on the selected tariff because MWD opted for the across the board increase. However, the questions have merit if we drop back to cost of service based rates.

- a. MWD reports their legal fees as an operating expense on their income statement. It would have been more appropriate to include them under Administrative and General and allocated to factor 14.
- b. Factor 12 allocates costs based on number of customers, whereas factor 14 allocates costs based on operation and maintenance expenses. The Accounting and Audit fees are largely based on customer accounts. Therefore, they are listed under Customer Accounting and allocated using factor 12.
- c. The credit in question appears in Table 2 of Appendix F. Given the detail available, we felt it was most appropriate to put it under general expense.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q58. Please reference the Cost of Service Study (Water), Schedule W-C, page 5 of 16. Why are Penalties allocated using factor 19, rather than an allocator that is based on the customer class paying the penalties or an allocator that credits the revenues to billing and collection costs (factor 12)?

WITNESS: Howard

RESPONSE:

Factor 19 is an effort to equitably distribute costs that are difficult to allocate. It is basically a cost of service allocation and therefore should be the most equitable distribution technique for these items. Using this method means that costs associated with penalties are allocated in the same manner as the total costs to the water district.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q59. Please reference the Cost of Service Study (Water), Schedule W-C, p. 4 of 16. Why are fire hydrants allocated using factor 12 (billing, collecting, and meter reading)?

WITNESS: Howard

RESPONSE:

Fire protection is not part of the mission of the water district. Fire hydrants in the MWD water system are used by MWD for flushing, not for fire protection. Considering the number of hydrants in the system (494), there would be little difference in the computations whether allocation factor 12 or 14 were employed.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q60. Please reference the Cost of Service Study (Water) Schedule W-C, p. 4 of 16.

- a. Why are the costs of mains 10 inches and larger allocated using factor 3 (maximum day), while the costs of mains less than 10 inches are allocated using factor 4 (maximum hour)?
- b. Why are the Wholesale class of customers not allocated any costs less than 10 inches? Please provide any documents or analyses to demonstrate that mains less than 10 inches are not used in any manner to provide reliable service to the Wholesale class of customers.

WITNESS: Howard

RESPONSE:

- a. Mains 10" and larger are transmission mains, and mains less than 10" are for distribution. Distribution mains are sized with higher peak factors to account for morning and evening demands (maximum hour peak factor). Transmission mains have lower peaking factors and more uniform demand (maximum day peak factor). The PSC has indicated in prior cases that mains of 10 inches or larger are considered transmission mains used for wholesale service. Smaller mains are generally considered distribution mains used for retail, not wholesale service. The allocation is based on that understanding.
- b. Elkhorn City represents 98% of wholesale water consumption. The transmission main between the Harless Creek WTP and the point of sale between MWD and Elkhorn City is a 12" line.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q61. Please reference the Cost of Service Study (Water), Schedule W-D, page 3 of 17.

- a. Why is factor 3 different from factor 2 if there is no weighting for fire protection?
- b. Why is the weighting of average day demand in factor 3 (0.8057) different from the weighting of average day demand in factor 2 (0.8065)?

WITNESS: Howard

RESPONSE:

- a. Factors 2 and 3 are largely the same since there is no weighting for fire protection. The spreadsheet contemplates use for other utilities where fire protection is part of the utility mission.
- b. Rounding

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q62. Please reference the Cost of Service Study (Water), Schedule W-D, pages 4 and 6 of 17.

- a. Why are no maximum hour costs allocated to the Wholesale class of customers?
- b. Why is it assumed that the Wholesale class of customers have average hourly consumption of zero gallons?

WITNESS: Howard

RESPONSE:

a & b. As stated elsewhere, Elkhorn City is 98% of wholesale water use. Even if you assume that Elkhorn City relies on MWD storage, only one tank in the MWD system is connected to the main that supplies Elkhorn City. According to the 2013 PSC Annual Report, there are 101 MWD water storage tanks. If we used average hourly consumption data as employed in Factor 5, we would have attributed an unfair proportion of costs using these allocation factors considering only 1 out of 101 tanks is actually utilized.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q63. Please reference the Cost of Service Study (Water), Schedule W-D, p. 6 of 17. Please provide a copy of the reference in footnote ** (Chin, 2000).

WITNESS: Howard

RESPONSE:

See the attachment to Q72!

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q64. Please reference the Cost of Service Study (Water), Schedule W-D, p. 9 of 17. Why is the weighting of mains costs based on the total footage of mains rather than the inch-feet of mains (which would recognize that it can be more costly to maintain larger-sized mains)?

WITNESS: Howard

RESPONSE:

The MWD system is a rural residential system. Referring to Factor 6, only 3% of the lines in the system are 10" and larger. The adopted approach of using 10" and larger as transmission and smaller than 10" as distribution is a simplification, but considering the nature of the utility, there is little to be gained from more complicated analyses.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q65. Please reference the Cost of Service Study (Water), Schedule W-E, page 1 of 2.

- a. Please provide the source documents and/or calculations for the column 5/8" Dollar Equivalent.
- b. Why are dollar equivalents rather than capacity equivalents used in the calculation?

WITNESS: Howard

RESPONSE:

- a. The meter dollar equivalents are typically determined based on meter installation costs. Referring to Table 1 (Sch W-E, page 1), the MWD has 17,144 meters and 17,001 of these meters are $5/8 \times 3/4$ (99%), technically, the 'equivalents' portion of the computation is not significant.
- b. The objective of using meter equivalencies is to put each meter into common terms. Since we are determining an equivalent cost of service for each meter size, it is appropriate to use a dollar equivalent rather than a capacity equivalent.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q66. Please reference the Cost of Service Study (Water), Schedule W-E, p. 2 of 2.

- a. Please provide the source documents and/or calculations for the column 3/4" Dollar Equivalent.
- b. Why are dollar equivalents rather than capacity equivalents used in the calculation?

WITNESS: Howard

RESPONSE:

- a. The service line dollar equivalents are typically determined based on service line installation costs. Referring to Table 2(Sch W-E, page 2), the MWD has 17,144 meters and 17,001 of these meters are $5/8 \times 3/4$ (99%), technically, the 'equivalents' portion of the computation is not significant.
- b. The objective of using service line equivalencies is to put each service line into common terms. Since we are determining the cost of service for each service line size, it is appropriate to use a dollar equivalent rather than a capacity equivalent.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q67. Please reference the Cost of Service Study (Water), Schedule W-H. Please provide the source documents and/or electronic files used to determine the number of bills and usage in each rate block for each customer class.

WITNESS: Howard

RESPONSE:

The number of bills and usage comes directly from the historic test year data provided by MWD. This can be found in Appendices A-1 through A-3 of Exhibit B in the rate filing submittal.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q68. Please reference the Cost of Service Study (Water), Schedules W-H and W-J. The revenues calculated on these schedules do not accurately represent the multiplication of the rate by the billing units. It appears that while the rate is displayed to two decimal places, the calculation is based on a rate that is not rounded. Is it the District's intention to charge rates to two decimal places or to use rates to three or more decimal places?

WITNESS: Howard

RESPONSE:

If we understand the question correctly, the concern is related to rounding. The proposed service charge is actually a calculation from Schedules W-G and W-I, and the internal Excel math is calculating to several decimal places.

It is impractical to charge to multiple decimal places. Final rates are expressed to two decimal places based on Excel rounding and the final rate tariff will be to two decimal places. Any error introduced from rounding will amount to around \$1,850 on \$10,128,324 in revenue.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q69. Please reference the Cost of Service Study (Water), Schedule W-I, p. 1 of 1. Why were 3/4-inch service line equivalents used on this schedule instead of 5/8-inch meter equivalents?

WITNESS: Howard

RESPONSE:

The 3/4" equivalent column is not used in the referenced spreadsheet. The column is little more than a placeholder. To confirm, access the spreadsheet, click on the cell in question, then click "Formulas," then click "Trace Dependents." No calculations in the spreadsheet are based on this column.

With regard to the question about appropriateness: the cost per bill comes from the calculation of the customer service fee (Schedule W-F), which references 5/8" meter equivalents as well as 3/4" service line equivalents from Schedule W-E.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q70. Please reference the Cost Of Service Study (Sewer), Schedule S-E. Please provide the source documents and/or electronic files used to determine the number of bills and usage in each rate block for each customer class.

WITNESS: Howard

RESPONSE:

The number of bills and usage comes directly from the historic test year data provided by MWD. This can be found in Appendix A-5 of Exhibit B in the rate filing submittal.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q71. Please reference the Cost Of Service Study (Sewer), Schedules S-E and S-H. The revenues calculated on these schedules do not accurately represent the multiplication of the rate by the billing units. It appears that while the rate is displayed to two decimal places, the calculation is based on a rate that is not rounded. Is it the District's intention to charge rates to two decimal places or to use rates to three or more decimal places?

WITNESS: Howard

RESPONSE:

If we understand the question correctly, the concern is related to rounding. The proposed service charge is actually a calculation from Schedules S-E and S-G, and the internal Excel math is calculating to several decimal places.

It is impractical to charge to multiple decimal places. Final rates are expressed to two decimal places based on Excel rounding and the final rate tariff will be to two decimal places. Any error introduced from rounding will amount to around \$200 on \$2,563,000 in revenue.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q72. Please reference the Howard testimony, lines 123-127. Please provide a copy of the power point presentation by Robert Pitt that the witness relied upon.

WITNESS: Howard

RESPONSE:

The Powerpoint presentation by Robert Pitt is included as an attachment to this response.

Water Demand and Water Distribution System Design

Robert Pitt
University of Alabama

Distribution of per capita water demand

Range (liters/day)/person	Number of systems	Percent of systems
190-370	30	7.7
380-560	132	33.7
570-750	133	33.9
760-940	51	13.0
950-1130	19	4.8
> 1140	27	6.9

Source Reprinted from 1984 Water Utility Operating Data, by permission. Copyright © 1986 American Water Works Association.

(Chin 2000 Table 3.5)

Future Per Capita Estimates of Water Use

Projected Consumption of Water for Various Purposes in the Year 2000

From: *Water Supply and Sewerage, Sixth Edition*, Terence J. McGhee, McGraw-Hill Publishing Company, 1994

Use	Gallons Per Capita/Day	Percentage of Total
Domestic	79.2	44
Industrial	42.24	24
Commercial	26.4	15
Public	15.84	9
Loss and Waste	13.2	8
TOTAL	176.88	100

System Design

- Can do estimates based on number and/or types of structures in design area and using existing data.
- Residential:

Residential Water Consumption
From: *On-Site Wastewater Treatment, Educational Materials Handbook*, National Small Flows Clearinghouse, West Virginia University, 1987.

Home Uses	Daily Water Use Per Person	
	Gallons	Percent
Toilet	32	45
Bathing/Personal Hygiene	21	30
Laundry/Dishes	14	20
Drinking/Cooking	3	5
TOTAL	70	100

From: *Water Resources Engineering, 1st Edition*, Larry W. Mays, John Wiley & Sons, Inc. 2001, (Table 11.1.4 page 346)

	Units	Average Use	Peak Use
Hotels	1/day m ²	10.4	17.6
Motels	1/day m ²	9.1	63.1
Barber shops	1/day barber chair	207	1470
Beauty shops	1/day station	1020	4050
Restaurants	1/day seat	91.6	632
Night clubs	1/day person served	5	5
Hospitals	1/day bed	1310	3450
Nursing homes	1/day bed	503	1600
Medical offices	1/day m ²	25.2	202
Laundry	1/day m ²	10.3	63.9

From: *Water Resources Engineering, 1st Edition*, Larry W. Mays, John Wiley & Sons, Inc. 2001, (Table 11.1.4 page 346)

	Units	Average Use	Peak Use
Laundromats	1/day m ²	83.4	265
Retail space	1/day sales m ²	4.3	11
Elementary schools	1/day student	20.4	186
High schools	1/day student	25.1	458
Bus-rail depot	1/day m ²	136	1020
Car washes	1/day inside m ²	194.7	1289
Churches	1/day member	0.5	17.8
Golf-swing clubs	1/day member	117	84
Bowling alleys	1/day alley	503	503
Residential colleges	1/day student	4.01	946

From: *Water Resources Engineering, 1st Edition*, Larry W. Mays, John Wiley & Sons, Inc. 2001, (Table 11.1.4 page 346)

	Units	Average Use	Peak Use
New office buildings	1/day m ²	3.8	21.2
Old office buildings	1/day m ²	5.8	14.4
Theaters	1/day seat	12.6	12.6
Service stations	1/day inside m ²	10.2	1289
Apartments	1/day occupied unit	8.21	1640
Fast food restaurants	1/day establishment	6780	20300

From: *Water Resources Engineering, 1st Edition*, Larry W. Mays, John Wiley & Sons, Inc. 2001, (Table 11.1.5 Page 347)

	Units	Average Use
Washing machine	1/load	130-270
Standard toilet	1/flush	10-30
Ultra volume toilet	1/flush	≤ 6
Silent leak	1/day	≥ 150
Nonstop running toilet	1/minute	≤ 20
Dishwasher	1/load	50-120
Water-saver dishwasher	1/load	40-100
Washing dishes with tap running	1/minute	≤ 20
Washing dishes in filled sink	1	20-40
Running garbage disposal	1/minute	10-20
Bathroom faucet	1/minute	≤ 20

From: *Water Resources Engineering, 1st Edition*, Larry W. Mays, John Wiley & Sons, Inc., 2001, (Table 11.1.5, Page 317)

	Units	Average Use
Brushing teeth	1	8
Shower head	1 minute	20 - 30
Low-flow shower head	1 minute	6 - 11
Filling bathtub	1	150 - 300
Watering 750-m ² lawn	1 month	7600 - 16000
Standard sprinkler	1 hour	110 - 910
One drip-irrigation emitter	1 hour	1 - 10
1/2-inch diameter hose	1 hour	1100
5/8-inch diameter hose	1 hour	1900
3/4-inch diameter hose	1 hour	2300

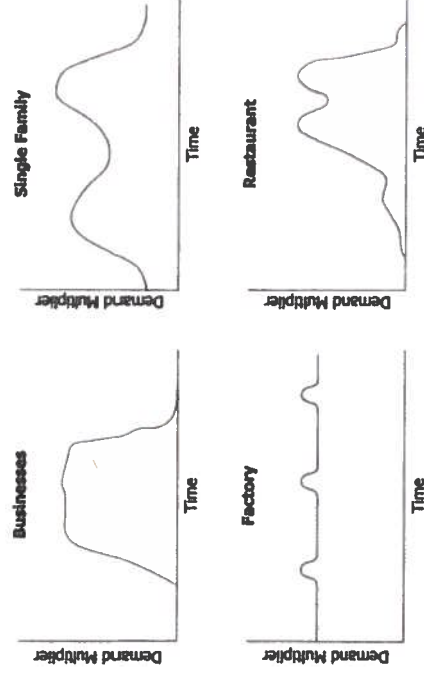
From: *Water Resources Engineering, 1st Edition*, Larry W. Mays, John Wiley & Sons, Inc., 2001, (Table 11.1.5, Page 317)

	Units	Average Use
Washing car with running water	1/20 minutes	400 - 800
Washing car with pistol-grip faucet	1/20 minutes	≥ 60
Uncovered pool	1, lost month	3000 - 11000+
Covered pool	1, lost month	300 - 1200

Given average annual consumption rates, still need to estimate peak demand because

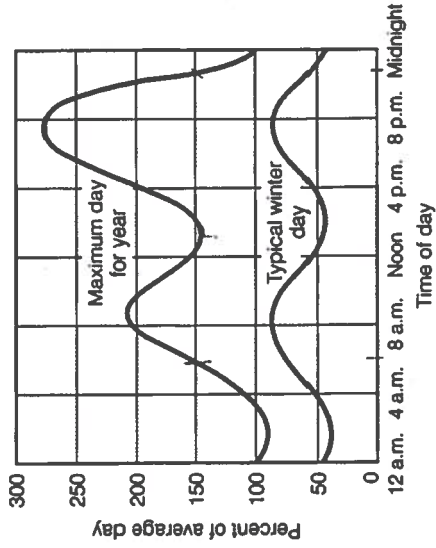
- Water use varies during the day
- Water use varies from day to day
- Water use varies weekly and seasonally

Diurnal curves for different user categories



(Waliski, et al. 2001 figure 4.8)

Typical daily cycles in water demand



(Chin 2000 Figure 3.23)

Peak Water Use Estimation: Estimation of Average Daily Rate Based on a Maximum Time Period

Goodrich Formula:

- Estimates maximum demand (expressed as daily water demand based on time period for which maximum water demand is desired) for community when given annual average per capita daily water use rate:

$$p = 180 \cdot t^{-0.10}$$

where p = percentage of average annual rate (volume day) used in period of time of interest
 t = length of period for which peak demand is required (days) (valid time periods = 2 hours to 365 days)

- **Daily rate based upon a maximum hour is approximately equal to 150 percent of average annual daily rate.

Peak Water Use Estimation

- Consumption rate for max day = 180% of the annual average daily consumption
- Consumption rate for max week = 148% of the annual average daily consumption
- Consumption rate for max month = 128% of the annual average daily consumption
- Consumption rate for max hour = 150% of the max day, or 270% of the annual average daily consumption

Typical demand factors

Condition	Range of demand factors	Typical value
Daily average in maximum month	1.10-1.50	1.20
Daily average in maximum week	1.20-1.60	1.40
Maximum daily demand	1.50-3.00	1.80
Maximum hourly demand	2.00-4.00	3.25
Minimum hourly demand	0.20-0.60	0.30

Source: Vebon and Johnson (1993). Reprinted by permission of The McGraw-Hill Companies.

(Chin 2000 Table 3.6)

Fire Demand

In metric units (AWWA 1992):

$$NFF_i = C_i O_i (X + P)_i$$

C is the construction factor based on the size of the building and its construction,

O is the occupancy factor reflecting the kinds of materials stored in the building (ranging from 0.75 to 1.25), and

(X+P) is the sum of the exposure factor and the communication factor that reflect the proximity and exposure of the other buildings.

$$C_i = 220 F \sqrt{A_i}$$

C (L/min),

A (m²) is the effective floor area, typically equal to the area of the largest floor plus 50% of all other floors,

F is a coefficient based on the class of construction

Construction coefficient, F

Class of construction	Description	F
1	frame	1.5
2	joisted masonry	1.0
3	noncombustible	0.8
4	masonry, noncombustible	0.8
5	modified fire resistive	0.6
6	fire resistive	0.6

Source: AWWA (1992).

(Chin 2000 Table 3.7)

Occupancy factors, O_i

Combustibility class	Examples	O _i
C-1 Noncombustible	steel or concrete products storage	0.75
C-2 Limited combustible	apartments, churches, offices	0.85
C-3 Combustible	department stores, supermarkets	1.00
C-4 Free burning	auditoriums, warehouses	1.15
C-5 Rapid burning	paint shops, upholstering shops	1.25

Source: Reprinted from *Distribution System Requirements for Fire Protection* (M31), by permission. Copyright © 1992 American Water Works Association.

(Chin 2000 Table 3.8)

Needed fire flow for one- and two-family dwellings

Distance between buildings (m)	Needed fire flow (L/min)
> 30	2,000
9.5–30	3,000
3.5–9.5	4,000
< 3.5	6,000

Source: Reprinted from *Distribution System Requirements for Fire Protection* (M31), by permission. Copyright © 1992 American Water Works Association.

(Chin 2000 Table 3.9)

Table 4.3 Needed fire flow for residences two stories and less

Distance Between Buildings (ft)	Fire Flow (gpm)
More than 100	500
31-100	750
11-30	1000
Less than 11	1500

(Walski, et al. 2001)

Required fire flow durations

Required fire flow (L/min)	Duration (h)
< 9000	2
11,000–13,000	3
15,000–17,000	4
19,000–21,000	5
23,000–26,000	6
26,000–30,000	7
30,000–34,000	8
34,000–38,000	9
38,000–45,000	10

Source: Reprinted from *Distribution System Requirements for Fire Protection* (M31), by permission. Copyright © 1992 American Water Works Association.

(Chin 2000 Table 3.10)

Example 3.16 from Chin 2000

Estimate the flowrate and volume required to provide adequate protection to a 10-story noncombustible building with and effective floor area of 8,000 m².

$$NFF_i = C_i O_i (X + P)_i \quad C_i = 220 F \sqrt{A_i}$$

The construction factor is calculated as (F=0.8 for class 3 noncombustible construction and the floor area is 8,000 m²):

$$C_i = 220(0.8)\sqrt{8000m^2} = 16,000L/min$$

The occupancy factor C is 0.75 (C-1 noncombustible) and the (X+P) is estimated using the median value of 1.4. Therefore, the required fire flow is:

$$NFF_i = (16,000L/min)(0.75)(1.4) = 17,000L/min$$

The flow must be maintained for a duration of 4 hours, and the required volume is therefore:

$$V = 17,000L/min(4\text{ hours})(60\text{ min/hr}) = 4.08 \times 10^6 L = 4,080m^3$$

Design periods and capacities in water-supply systems

Component	Design period (years)	Design capacity
Sources of supply:		
River	indefinite	maximum daily demand
Wellfield	10–25	maximum daily demand
Reservoir	25–50	average annual demand
Pumps:		
Low-lift	10	maximum daily demand, one reserve unit
High-lift	10	maximum hourly demand, one reserve unit
Water-treatment plant	10–15	maximum daily demand
Service reservoir	20–25	working storage plus fire demand plus emergency storage
Distribution system:		
Supply pipe or conduit	25–50	greater of (1) maximum daily demand plus fire demand, or (2) maximum hourly demand
Distribution grid	full development	same as for supply pipes

Source: Reprinted by permission of Wateland Press, Inc. from R. S. Gupta, *Hydrology and Hydraulic Systems*. (Prospect Heights, IL: Wateland Press, Inc., 1989 [revised 1995]). All rights reserved.

(Chin 2000 Table 3.11)

Methods of Water Distribution

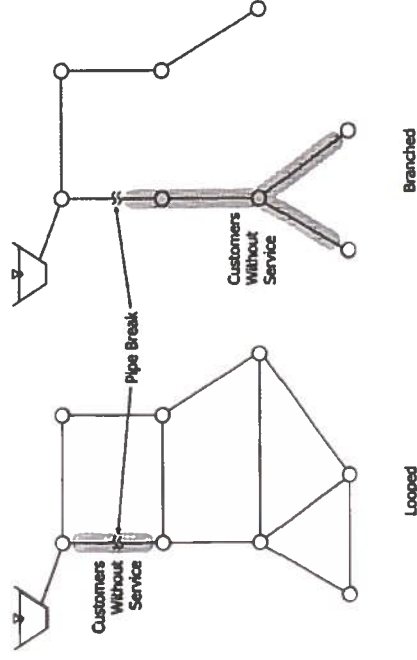
- Pumping with Storage
 - Most common
 - Water supplied at approximately uniform rate
 - Flow in excess of consumption stored in elevated tanks
 - Tank water provides flow and pressure when use is high
 - Fire-fighting
 - High-use hours
 - Flow during power failure
 - Storage volume throughout system and for individual service areas should be approximately 15 – 30% of maximum daily rate.

Water Distribution System Components

- Pumping Stations
- Distribution Storage
- Distribution System Piping

Other water system components include water source and water treatment

Looped and branched networks after network failure



(Walski, et al. 2001 figure 1.2)

The Pipe System

- Primary Mains (Arterial Mains)
 - Form the basic structure of the system and carry flow from the pumping station to elevated storage tanks and from elevated storage tanks to the various districts of the city
 - Laid out in interlocking loops
 - Mains not more than 1 km (3000 ft) apart
 - Valved at intervals of not more than 1.5 km (1 mile)
 - Smaller lines connecting to them are valved

The Pipe System, Cont.

- Secondary Lines
 - Form smaller loops within the primary main system
 - Run from one primary line to another
 - Spacings of 2 to 4 blocks
 - Provide large amounts of water for fire fighting with out excessive pressure loss

The Pipe System, Cont.

- Small distribution lines
 - Form a grid over the entire service area
 - Supply water to every user and fire hydrants
 - Connected to primary, secondary, or other small mains at both ends
 - Valved so the system can be shut down for repairs
 - Size may be dictated by fire flow except in residential areas with very large lots

Pipe sizes in Municipal Distribution Systems

- Small distribution lines providing only domestic flow may be as small as 4 inches, but:
 - < 1300 ft in length if dead ended, or
 - < 2000 ft if connected to system at both ends.
- Otherwise, small distribution mains > 6 in
- High value districts – minimum size 8 in
- Major streets – minimum size 12 in
- Fire-fighting requirements
 - > 150 mm (6 in.)
- National Board of Fire Underwriters
 - > 200 mm (8 in.)

Velocity in Municipal Distribution Systems

(McGhee, *Water Supply and Sewerage, 6th Edition*)

- Normal use $\leq 1\text{ m/s}$. (3 ft/s)
- Upper limit = 2 m/s (6 ft/s) (may occur in vicinity of large fires)

(Viessman and Hammer, *Water Supply and Pollution Control, 6th Edition*)

$$1 \leq V \leq 1.7 \text{ m/s} \quad (3 \leq V \leq 5 \text{ ft/s})$$

Pressure in Municipal Distribution Systems (American Water Works Association)

- AWWA recommends normal static pressure of 400-500kPa, 60-75lb/in²
- supplies ordinary uses in building up to 10 stories
- will supply sprinkler system in buildings up to 5 stories
- will provide useful fire flow without pumper trucks
- will provide a relatively large margin of safety to offset sudden high demand or closure of part of the system.

Pressure in Municipal Distribution Systems (McGree)

- Pressure in the range of 150 – 400kPa (20 to 40 lb/in²) are adequate for normal use and may be used for fire supply in small towns where building heights do not exceed 4 stories.

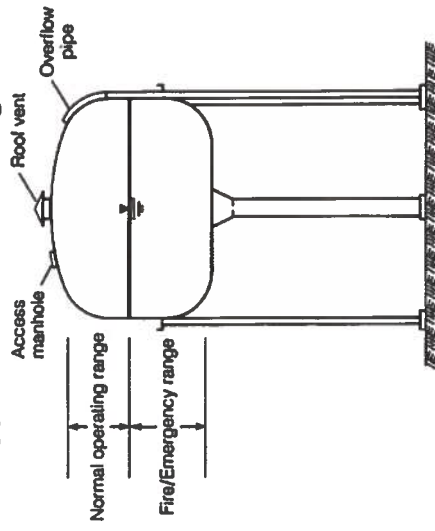
Minimum acceptable pressures in distribution systems

Demand condition	Minimum acceptable pressure (kPa)
Average daily demand	240-410
Maximum daily demand	240-410
Maximum hourly demand	240-410
Fire situation	> 140
Emergency conditions	> 140

Source: GLUMB (1987).

(Chin 2000 Table 3.12)

Typical elevated storage tank



(Chin 2000 Figure 3.24)

Hardy Cross Method

- Used in design and analysis of water distribution systems for many years...
- Based on the hydraulic formulas we reviewed earlier in the term.

For Hardy-Cross Analysis:

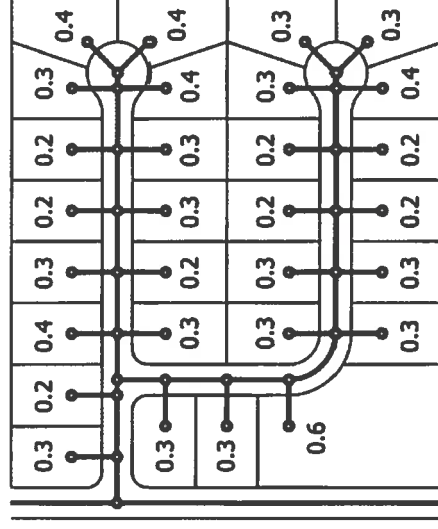
- Water is actually removed from the distribution system of a city at a very large number of points.
- Its is not reasonable to attempt to analyze a system with this degree of detail
- Rather, individual flows are concentrated at a smaller number of points, commonly at the intersection of streets.
- The distribution system can then be considered to consist of a network of nodes (corresponding to points of concentrated flow withdrawal) and links (pipes connecting the nodes).
- The estimated water consumption of the areas contained within the links is distributed to the appropriate nodes

Network model overlaid on aerial photograph



(Walski, et al. 2004, figure 3.4)

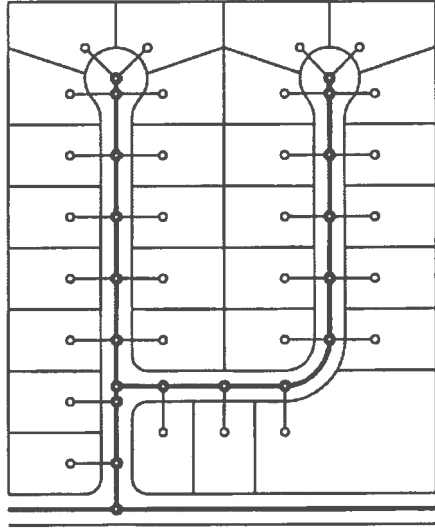
Skeletonization - An all-link network



Demand in gpm

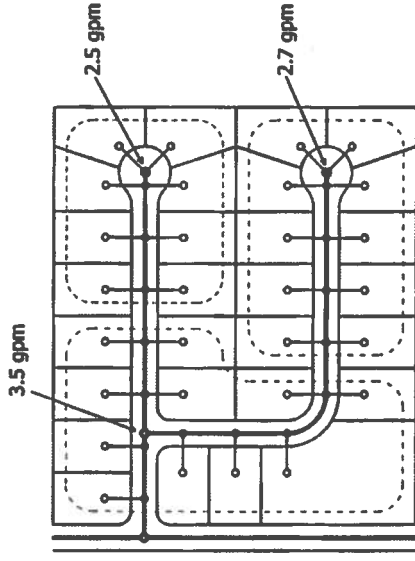
(Walski, et al. 2004, figure 3.32)

Minimal skeletonization



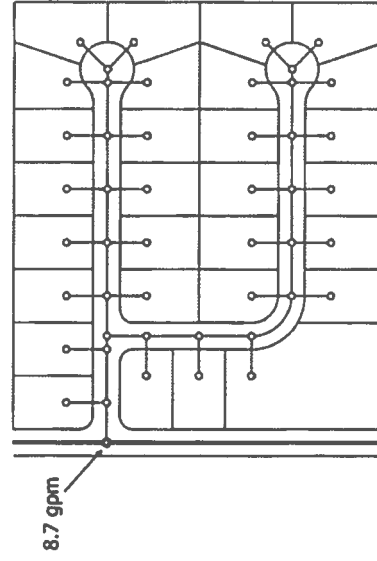
(Walski, et al. 2004 figure 3.33)

Moderate skeletonization



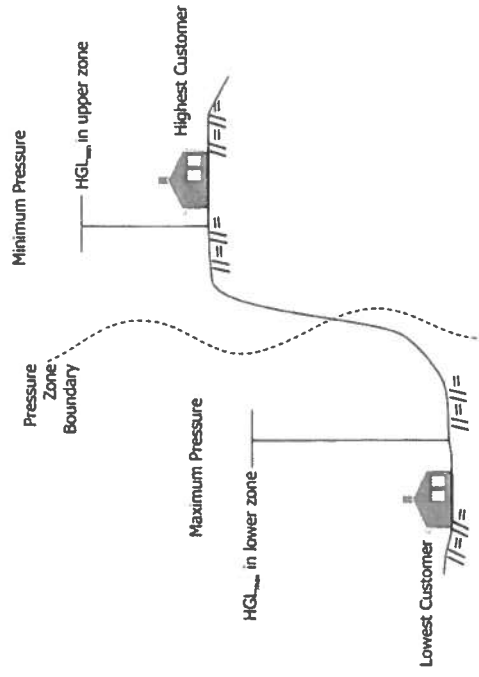
(Walski, et al. 2004 figure 3.34)

Maximum skeletonization

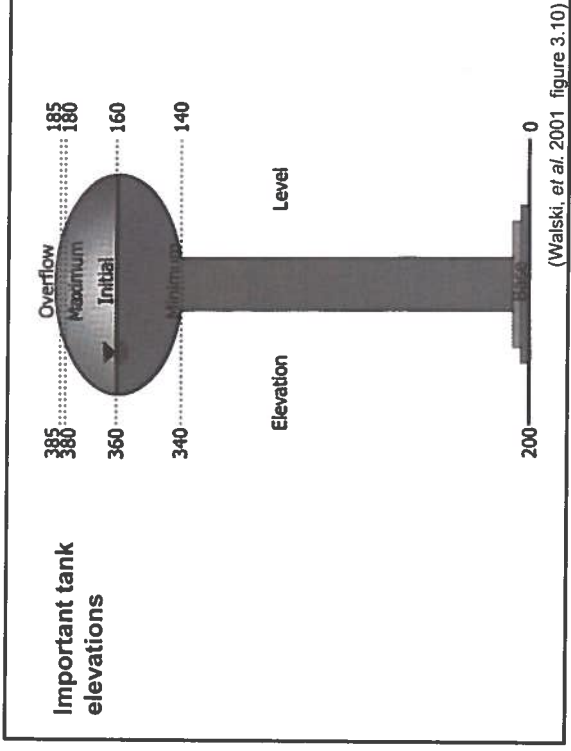
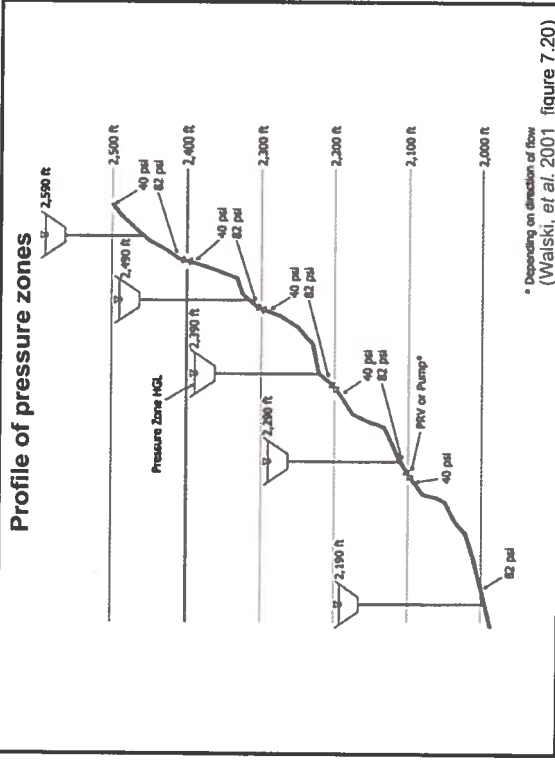


(Walski, et al. 2004 figure 3.35)

Customers must be served from separate pressure zones



(Walski, et al. 2001 figure 7.17)



Hardy-Cross Method of Water Distribution Design

- Definitions
 - Pipe sections or links* are the most abundant elements in the network.
 - These sections are constant in diameter and may contain fittings and other appurtenances
 - Pipes are the largest capital investment in the distribution system
 - Node* refers to either end of a pipe.
 - Two categories of nodes are *junction nodes* and *fixed-grade nodes*.
 - Nodes where the inflow or outflow is known are referred to as junction nodes. These nodes have lumped demand, which may vary with time.
 - Nodes to which a reservoir is attached are referred to as fixed-grade nodes. These nodes can take the form of tanks or large constant-pressure mains

Steps for Setting Up and Solving a Water Distribution System using the Hardy-Cross Method

- Set up grid network to resemble planned flow distribution pattern.

Steps for the Hardy-Cross Method

- Calculate water use on each street (including fire demand on the street where it should be located).

Street Number	Building Description	Without Fire Demand		With Fire Demand (worst building)	
		MGD	ft ³ /sec	MGD	ft ³ /sec
1**	5 A, 1 S	0.059	0.092	2.90	5.10
2	3 A	0.019	0.030	0.019	0.030
3	18 A	0.12	0.18	0.12	0.18
4	3 A, 10, 1 C	0.086	0.086	0.086	0.086
5	2 A	0.015	0.020	0.013	0.020
6	7 A	0.045	0.070	0.045	0.070
7	10 A	0.065	0.100	0.065	0.100
8	2 A	0.013	0.020	0.013	0.020
9	2 A	0.045	0.070	0.045	0.070
10	8 A	0.052	0.080	0.052	0.080
11	No buildings	0.0	0.0	0.0	0.0

Steps for the Hardy-Cross Method

- Add up the flow used in the neighborhood without fire demand and distribute it out the nodes where known outflow is required. Repeat for fire demand.

Total without Fire Demand = 0.75 cfs
 Influent = 2.5 MGD = 3.87 cfs
 Left Over to Other Neighborhoods = 3.12 cfs
 Distribute 50/50 to two outflow nodes = 1.56 cfs
 (arbitrary for this problem – would be based on known “downstream” requirements).

Steps for the Hardy-Cross Method

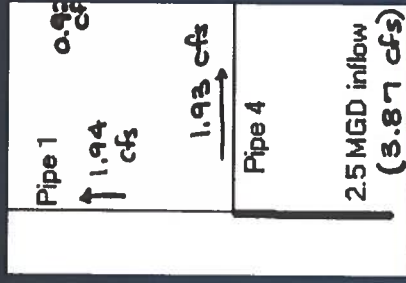
- Assume internally consistent distribution of flow, i.e., at any given node and for the overall water distribution system:

$$\sum \text{flow entering node} = \sum \text{flow leaving node}$$

Steps for the Hardy-Cross Method

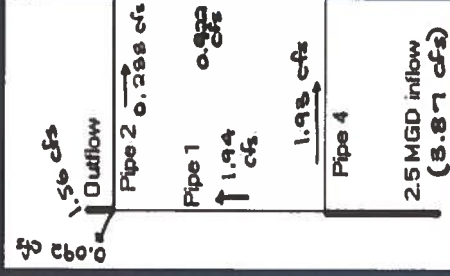
- For the inflow node, split the flow among the pipes leaving that node (there will be no additional outflow since no water has been used by the neighborhood as yet).

$$\text{Inflow} = \sum \text{Outflows}$$



Steps for the Hardy-Cross Method

- For each of the pipes leaving the inflow node, put the water demand for that street at the node at the end of the pipe.

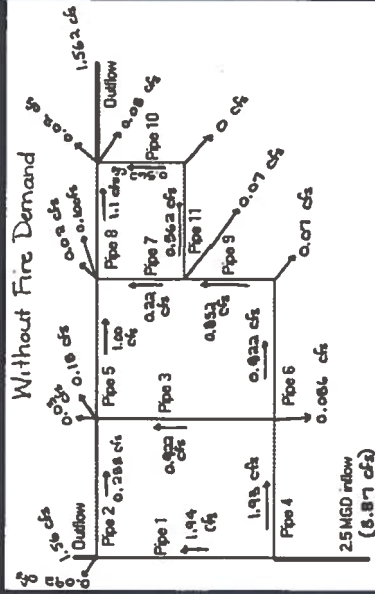


Steps for the Hardy-Cross Method

- For the above node and the next pipes in the distribution system, subtract the water used on the street (and aggregated at the node) from the water flowing down the pipe. Pass the remaining water along to one or more of the pipes connected to that node.
- Repeat Steps 6 and 7 for each pipe and node in the distribution system. The calculation can be checked by seeing if the total water outflow from the system equals the total inflow to the system, as well as checking each node to see if inflow equals outflow.

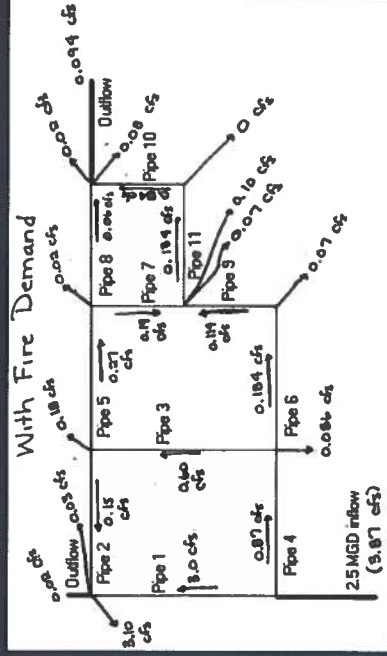
Steps for the Hardy-Cross Method

- Check each node to see if inflow equals outflow.



Steps for the Hardy-Cross Method

- Check each node to see if inflow equals outflow.



Steps for the Hardy-Cross Method

10. Select initial pipe sizes (assume a velocity of 3 ft/sec for normal flow with no fire demand). With a known assumed flow and an assumed velocity, use the continuity equation ($Q = VA$) to calculate the cross-sectional area of flow. (When conducting computer design, set diameters to minimum allowable diameters for each type of neighborhood according to local regulations.)

Pipe Number	Flow (ft ³ /sec)	Velocity (ft/sec)	Area (ft ²)	Diameter (ft)	Diameter (in)	Actual D (in)
1	1.94	3.0	0.65	0.91	10.9	12
2	0.288	3.0	0.10	0.35	4.2	6
3	0.922	3.0	0.31	0.63	7.5	8
4	1.936	3.0	0.64	0.91	10.9	12
5	1.000	3.0	0.33	0.65	7.8	8
6	0.922	3.0	0.31	0.63	7.5	8
7	0.220	3.0	0.07	0.31	3.7	4
8	1.100	3.0	0.37	0.68	8.2	10
9	0.852	3.0	0.28	0.60	7.2	8
10	9.362	3.0	0.19	0.39	5.9	6
11	6.362	3.0	0.19	0.39	5.9	6

Steps for the Hardy-Cross Method

12. Paying attention to sign (+/-), compute the head loss in each element/pipe of the system (such as by using Darcy-Weisbach or Hazen-Williams).

$$h_{loss} = h_f + h_{minor}$$

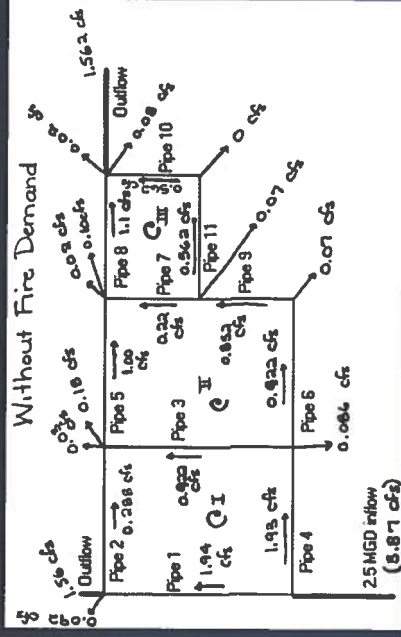
$$h_f = f \left(\frac{L}{D} \right) \left(\frac{V^2}{2g} \right)$$

$$h_{minor} = h_{L} + h_{e} + h_{c}$$

$$h_L = L \left(\frac{V^2}{2g} \right) \left(\frac{1}{D} \right)$$

Steps for the Hardy-Cross Method

11. Determine the convention for flow. Generally, clockwise flows are positive and counter-clockwise flows are negative.



Steps for the Hardy-Cross Method

13. Compute the sum of the head losses around each loop (carrying the appropriate sign throughout the calculation).
14. Compute the quantity, head loss/flow (h_f/Q), for each element/pipe (note that the signs cancel out, leaving a positive number).
15. Compute the sum of the (h_f/Q)s for each loop.

Steps for the Hardy-Cross Method

16. Compute the correction for each loop.

$$\Delta Q = \frac{-\sum_{loop} h_L}{n \sum_{loop} \frac{h_L}{Q}}$$

where $n = 1.85$

Steps for the Hardy-Cross Method

17. Apply the correction for each pipe in the loop that is not shared with another loop.

$$Q_1 = Q_0 \mp \Delta Q$$

18. For those pipes that are shared, apply the following correction equation (continuing to carry all the appropriate signs on the flow):

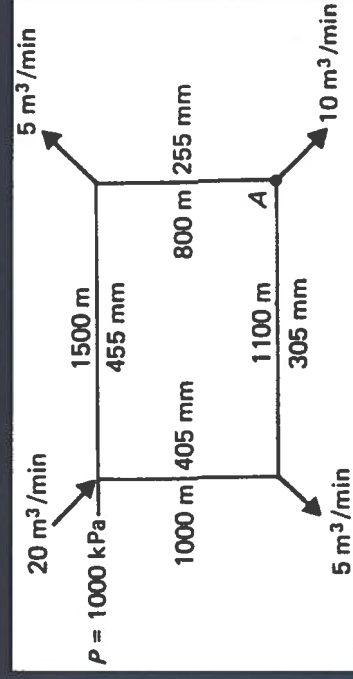
$$Q_1 = Q_0 \mp \Delta Q_{loop\ in} - \Delta Q_{shared\ loop}$$

Steps for the Hardy-Cross Method

19. Iterate until corrections are sufficiently small (10 – 15% or less of smallest flow in system), or until oscillation occurs.
20. Calculate velocities in each pipe and compare to standards to ensure that sufficient velocity (and pressure) are available in each pipe. Adjust pipe sizes to reduce or increase velocities as needed.
21. Repeat all the above steps until a satisfactory solution is obtained.
22. Apply fire flow and other conditions that may be critical and reevaluate.

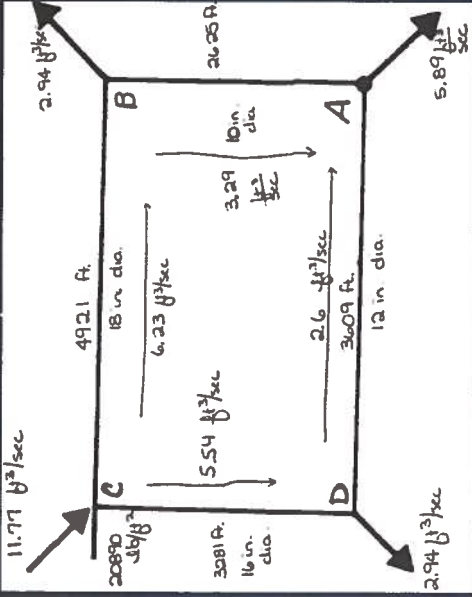
Example for the Hardy-Cross Method

(From Metcalf, *Water Supply and Sewerage, Sixth Edition*)



Example for the Hardy-Cross Method

Convert units to U.S. Customary units:



Example for the Hardy-Cross Method

- Insert data into spreadsheet for Hardy-Cross (solve using Hazen-Williams).
- ASSUMPTION: Pipes are 20-year old cast iron, so $C = 100$.

Pipe Section	Pipe Length (ft)	Pipe Diameter (in)	Flow ₀ (ft ³ /sec)
BC	4921	18	6.23
CD	3281	16	-5.54
DA	3609	12	-2.6
AB	2625	10	3.29

Steps for the Hardy-Cross Method

- Paying attention to sign (+/-), compute the head loss in each element/pipe of the system by using Hazen-Williams (check that the sign for the head loss is the same as the sign for the flow).

Hazen-Williams

$$h_f = f \frac{L Q^{1.852}}{1.49 C^{1.49} D^{4.754}}$$

Example for the Hardy-Cross Method

- Calculate head loss using Hazen-Williams.

Pipe Section	Pipe Length (ft)	Pipe Diameter (in)	Flow ₀ (ft ³ /sec)	h_f (ft)
BC	4921	18	6.23	19.03
CD	3281	16	-5.54	-18.11
DA	3609	12	-2.6	-19.93
AB	2625	10	3.29	54.39

Example for the Hardy-Cross Method

- Calculate h_f/Q for each pipe (all of these ratios have positive signs, as the negative values for h_f and Q cancel out).

Pipe Section	Flow _o (ft ³ /sec)	h_f (ft)	h_f/Q (sec/ft ²)
BC	6.23	19.03	3.05
CD	-5.54	-18.11	3.27
DA	-2.6	-19.93	7.66
AB	3.29	54.39	16.53

Example for the Hardy-Cross Method

- Calculate head loss using Hazen-Williams and column totals:

Pipe Section	h_f (ft)	h_f/Q (sec/ft ²)
BC	19.03	3.05
CD	-18.11	3.27
DA	-19.93	7.66
AB	54.39	16.53
	$\Sigma h_f = 35.38$	$\Sigma(h_f/Q) = 30.51$

Example for the Hardy-Cross Method

- Calculate the correction factor for each pipe in the loop.

$$C = \frac{\Sigma h_f}{\Sigma(h_f/Q)}$$

$$= -(35.38)/1.85(30.51) = -0.627$$

Example for the Hardy-Cross Method

- Calculate the new flows for each pipe using the following equation:

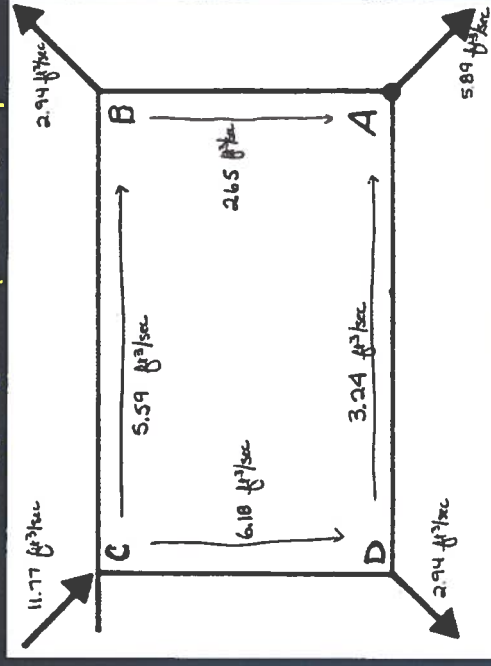
$$Q_1 = Q_o + \Delta Q$$

Pipe Section	Flow _o (ft ³ /sec)	ΔQ (ft ³ /sec)	Flow ₁ (ft ³ /sec)
BC	6.23	-0.627	5.60
CD	-5.54	-0.627	-6.17
DA	-2.6	-0.627	-3.23
AB	3.29	-0.627	2.66

Example for the Hardy-Cross Method



Final Flows for the Hardy-Cross Example



Pressure Water Distribution System

The pressure at any node can be calculated by starting with a known pressure at one node and subtracting the absolute values of the head losses along the links in the direction of flow.

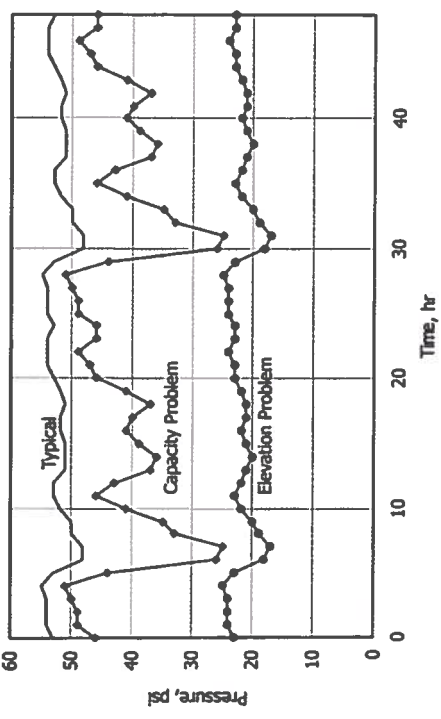
In this example, assume that the pressure head at node C is 100 ft. and the pressure head at node A is desired.

There are two paths between the known and unknown nodes for this example and both should be examined: CB and BA or CD and DA.

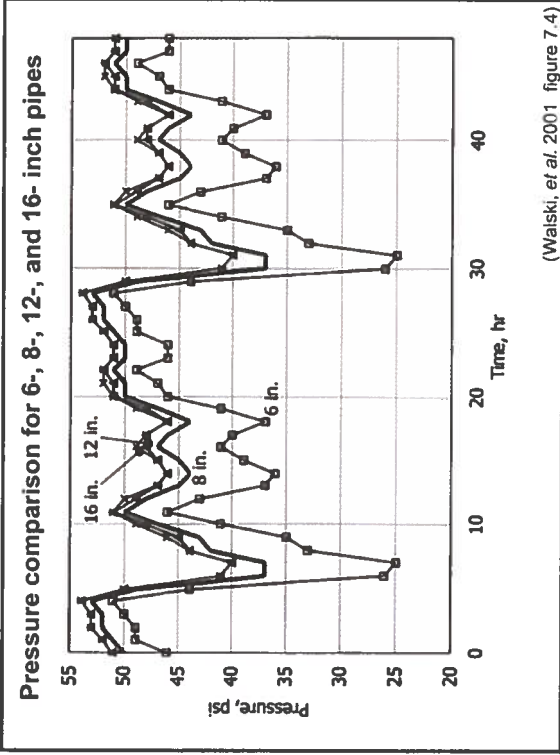
In the first case: 100 ft. - 15.58 ft. = 36.49 ft. = 47.93 ft.

And in the second: 100 ft. - 22.16 ft. = 29.91 ft. = 47.93 ft.

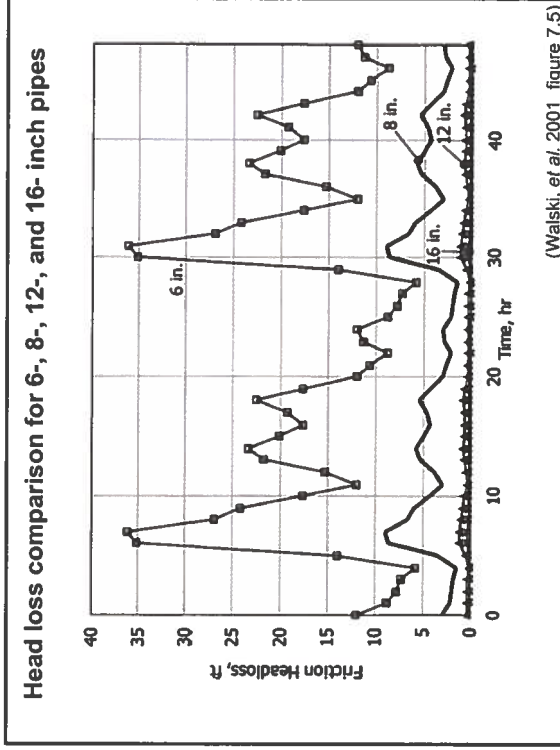
Extended period simulation (EPS) runs showing low pressure due to elevation or system capacity problem



(Walski, et al. 2001 figure 7.3)



(Walski, et al. 2001 figure 7.4)



(Walski, et al. 2001 figure 7.5)

EPANet Water Distribution Model

The screenshot displays the EPANet software interface. On the left, a network diagram shows a pipe network with nodes and links. A legend indicates pipe diameters (6, 8, 12, 16 inches) and flow directions. On the right, the 'Properties' dialog box is open for a selected pipe, showing various parameters:

Property	Value
Flow Units	CPM
Headloss Formula	H ^{1.85}
Specific Gravity	1
Relative Velocity	1
Maximum Turb	43
Accuracy	0.001
Unbalanced	Continue
Default Station	1
Default Material	1.0

Buttons for 'OK', 'Cancel', and 'Help' are visible at the bottom right of the dialog box.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Q73. Please see the Company's application, Exhibit B-2, p. 1, and explain how the \$350,460 figure for Contract Services (Assumes Expenses by UMG) was calculated for the value given in the historic test year for July 1, 2013-June 30, 2014.

WITNESS: Howard

RESPONSE:

The \$350,460 figure for Contract Services (Assumed Expenses by UMG) comes from the MWD Income Statement for July 1, 2013 – June 30, 2014. This can be found in Appendix F of Exhibit B in the rate filing submittal.

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General Second Data Request

Q 74. Please see the Company's responses to PSC 1-4, found in the electronic record at p. 255 of 502 in Volume 2 of 7, specifically counsel Daniel Stratton's letter to Bob Meyer dated December 23, 2010.

- a. Did the Water Commissioners request an additional 30 days from the date of receipt of the confidential State Audit Report on December 23, 2014(*sic*), to review the audit thoroughly so as not to commit a breach of their fiduciary duty?
- b. Did contract negotiations with UMG on a new contract extension continue with Stratton's office, separate from the Water Commissioners' review of the Audit Report?
- c. Despite the request for an additional 30 days on December 23, 2010, was a correspondence sent by Honorable Daniel Stratton on January 6, 2011 confirming the revised contract? If so, please explain what sort of review of the State Auditor's Examination of Mountain Water District was undertaken by the Commissioners in those fourteen (14) days to meet their fiduciary obligation to the customers of the Water District.
- d. Please describe, by identifying the paragraph number or section number, any changes that were made to the contract draft that can be attributed to a recommendation made within the State Auditor's Examination Report? If none, please state why.

WITNESS : Sawyers. Information provided by local counsel.

RESPONSE : 74(a)

The Board has a fiduciary duty to act in a prudent business manner. Asking for time to review the State Audit to insure that there was no findings that should be considered in the new contract was the prudent thing to do.

RESPONSE : 74(b)

We are not sure what you are asking. The records reflect the "final draft" of the contract was done when the "draft" audit was received. After the Board reviewed the audit, the UMG contract was completed and approved by the Board.

RESPONSE : 74(c)

This question presumes the Board had already approved the draft discussed in the letter. Minutes of the December 29, 2010 meeting show the Board approved the contract extension to January 31, 2011. Minutes of the January 20, 2011, Special Meeting detail the discussions by the Board of the UMG contract renewal. The minutes reflect that most of the issues raised in the Audit had already been addressed by the contract negotiations, but a few additional issues were added to the contract.

RESPONSE : 74(d)

As referenced above, most of substantial changes were made to the contract prior to the Audit. Some additional changes were made after the Audit, but the records do not reflect specifically what they were.

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General Second Data Request

Q 75. Please reference the State Audit Examination Report dated January 27, 2011 and see generally the Findings and Recommendations listed within the Executive Summary, as AG 1-63, 1-64, 1-65, and 1-68, are non-responsive. For each and every Finding and Recommendation that follows, please state in narrative form, what action was taken in response to the specific recommendations given, who took the action, what date the changes were implemented, and were these changes reflected in any contract amendments or additions with UMG. If no action was taken, please explain why.

- a. As to Finding #1, page iii: "The MWD Board entered into a privatization contract with insufficient planning to determine the benefits to or financial impact on MWD."
 - i. The Board should ensure that any significant contracts are properly evaluated for benefits they will provide to the district and its customers.
 - ii. Discussions of these contracts should be conducted in an open and public process.
 - iii. A complete analysis of the financial benefit to MWD be performed prior to the finalization of the management contract.
 - iv. Board should have sufficient information to properly plan all aspects of the decision to privatize service, and ensure that the contract requires detailed financial and other information to appropriately oversee the management of the district.
 - v. MWD should follow best practices required in statute for privatizing public service.

- b. Finding # 2 "The Cost to Operate MWD Services are Unknown due to lack of Financial Information provided by the Vendor."
 - i. MWD Board should ensure that any privatization contract for management and operations services contains a provision that will allow for access to cost information about the operations of MWD.
 - ii. MWD should require the vendor to report to MWD operational costs on a monthly and annual basis.
 - iii. Board should consider a management fee structure to operate and maintain MWD and provide an agreed upon margin of profit.
- c. Finding #3, "The initial contract for management services had a detrimental impact on MWD, and the Board failed to act in a timely manner to address the issues."
 - i. Board should ensure any future contracts for operations, management and maintenance are closely examined before entering into an agreement with a contractor to perform those services.
 - ii. The Board should ensure in the final contract for services, that any suggested revisions and agreed upon additions to a contract are actually included in the final contract.
 - iii. Board should avoid provisions increasing fees automatically to the district.
 - iv. If the cost of service increases, due to an increase in the customer base or an increase in the cost of materials and supplies to provide the service, the increased cost should be justified, reviewed by Board or independent representative, and approval shall be documented.
 - v. Board should ensure all contract terms are clear, concise and well defined, including the role of the contractor and the district.

- d. Finding #4, "Irregularities were identified in the initial MWD contract for operations, management, and maintenance and the established contract bid process was not followed."
 - i. Board should review and ensure understanding of its RFQ/P before voting to approve advertisement of such.
 - ii. Board should be actively involved in determining the content of the document directing its process.
 - iii. Board should require conflict of interest statements and disclosure statements for management employees reporting directly to the Board to ensure full disclosure of any interests by its management.
 - iv. Should fully grade, consistent with criteria stated in RFQ/P.
 - v. Should be graded only after all information is submitted, as long as it is within the deadlines.
 - vi. Should use calculations in bid proposal analysis that are adequately supported, and that supporting documentation should be maintained to eliminate any disputes that arise as a result of those calculations.

- e. Finding #5 "UMG received payments for services not specified in the contract with MWD without approval by the MWD Board."
 - i. Board should carefully examine bills before approving payment.
 - ii. Board should ensure payments made in compliance with the contract.
 - iii. Any additional payments made to contractors should be for agreed upon services, approved in writing by the Board.

- iv. Board should approve those payments, in open meetings.
 - v. Board should hire an individual that reports to them, that will provide more direct oversight into the district's day to day operations.
 - vii. This individual should be able to track and ensure appropriate payments are made to the appropriate entities under the contracts maintained by the district.
 - viii. The Board should specifically discuss its payments to its contractor providing water to Elkhorn City.
 - ix. If the Board agrees to continue these payments to the contractor for this service, the Board should formalize this agreement in writing.
- f. Finding #6 "Procurement requirements appear to have been circumvented, resulting in over \$171,000 for services provided with no contract."
- i. The Board should ensure that the procurement process is fully documented in a policy and procedures manual.
 - ii. All parties, Board, staff and vendors should receive a copy of this manual for their review, and receiving training upon it.
 - iii. Board should establish a process to ensure compliance with procedures outlined in the manual.
 - iv. Board should ensure competitive bidding is used when aggregate amount to vendor for project exceeds \$20,000.

- v. Board should ensure written contracts for vendors are established detailing the services to be performed, the payment details, and other details necessary to protect the interests of MWD.
 - vi. Board should ensure that agreements with vendors to provide services are based on objective criteria such as price and qualifications of the vendor.
- g. Finding #7 "MWD had not adopted a method to adequately track construction project payments."
- i. Board should formally adopt a format for tracking construction project payment and funding information consistent with those used by the engineers, that includes the funding source, the date of the payment, the check number, the vendor name, the amount, and reference to the associated contract.
 - ii. These documents should be presented at each board meeting monthly.
- h. Finding #8 "MWD did not comply with Kentucky's Open Meetings Law when discussing the decision to contract out the operations of a public entity or the renegotiations of that contract."
- i. Each time a meeting is moved to executive session, the specific exception to open meetings should be documented.
 - ii. Specific and complete notification in the open session of all topics to be addressed in closed session, and the specific statutory exemption allowing the reason why closed session is needed.
 - iii. That specific topic listed should be the only topic discussed in closed session.

public distrust and to ensure decisions are supported and well documented.

WITNESS : Sawyers. Information provided by local counsel.

RESPONSE : 75

With all due respect, MWD believes that its initial responses to AG's First Request No. 1-63, 1-64, 1-65 and 1-68 are responsive. For the AG's office's convenience, the answers previously submitted in response to the PSC's Initial Request for Information, Questions 32(a-b), have been attached hereto. The following responses will supplement our prior response. In addition, I have found a letter to the Board that explains our attorney's communication to the Board at that time.

RESPONSE : 75 a (i-v)

All contracts after the date of the report have been properly evaluated as to the benefits they will provide MWD and its customers. Amendments for fixed pricing is the best example. All contracts have been considered at open meetings. The financial impact MWD has been considered and the Board has had sufficient information to decide. We would note we are unable to get an audited financial statement from UMG. As a whole, we believe we have followed best practices.

RESPONSE : 75 b (i-iii)

All such contracts after the date of the audit allow us to see UMG's cost, and their costs are reported to MWD. The Board considered a structure for an agreed upon profit margin, but declined the same as it would remove UMG's incentive to manage costs.

RESPONSE : 75 c (i-v)

All such contracts after the date of the audit have tried to address the recommendations in Finding No: 3.

RESPONSE : 75 d (i-v)

All such contracts after the date of the audit have tried to address the recommendations presented. MWD Board members and management employees complete conflict of interest statements.

RESPONSE : 75 e (i-viii)

The hiring of a District Administrator and Financial Administrator, and the work they are doing, address these recommendations.

RESPONSE : 75 f (i-vi)

MWD Board has sought to comply with these recommendations and believes it has essentially complied with them.

RESPONSE : 75 g (i-ii)

Construction project payments are approved by the Board each month as applicable. Payments are tracked by the Financial Administrator.

RESPONSE : 75 h (i-iv)

MWD has fully complied with "Open Meeting" laws since the audit.

EXHIBIT

75

LAW OFFICES OF
STRATTON, HOGG & MADDOX, P.S.C.

P.O. BOX 1530
PIKEVILLE, KY 41502
PHONE: (606) 437-7800
FAX: (606) 437-7569
www.shmlaw.com

DAVID C. STRATTON
STEPHEN L. HOGG
DANIEL P. STRATTON

HENRY D. STRATTON (1925-1989)
F. BYRD HOGG (1922-1999)
H. EDWARD MADDOX (1946-2003)

January 13, 2011

Rhonda James, Chairperson
Mountain Water District
146 Main Street
Pikeville, Kentucky 41501
email: rbjames6@msn.com

Kelsey Friend III, Treasurer
Mountain Water District
1381 Lizzie Fork Road
Pikeville, Kentucky 41501
email: kfrien00@hotmail.com

Lester "John" Collins
Vice Chairperson and Secretary
Mountain Water District
3979 Raccoon Creek Road
Raccoon, Kentucky 41557
email: johnbrendacollin@bellsouth.net

Prentis Adkins, Commissioner
Mountain Water District
375 Schoolhouse Road
Shelbiana, Kentucky 41562
email: tricounty41501@yahoo.com

Ancie Casey, Commissioner
Mountain Water District
43860 State Highway 194 East
Phelps, Kentucky 41553
email: ancie.casey@pike.kyschools.us

Re: **Mountain Water District
State Audit Examination**

Dear Board Members:

Please be advised that this morning I reviewed, with Brian Lykins of the State Auditor's Office, their response to our letter of January 10, 2011, outlining the changes we requested in the Audit. They adopted a few of our changes and they rephrased some statements we requested, but most of the items were not changed.

Please find enclosed a draft of our formal response to the Audit, which is due tomorrow at 4:30 p.m. I was under the mistaken belief that the Audit would be published and we would then have a chance to respond. According to Brian, when he talked about our response due on the 14th, it was our final response and

STRATTON, HOGG & MADDOX, P.S.C.

January 13, 2011

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not the one we sent on the 10th. In that they publish our reply with the Audit, we have to have this in by the 14th.

I have addressed all of the major issues that were reviewed with you when we discussed the Audit. Some smaller issues were not addressed to shorten our response.

Please review this letter for content and tone to see if there are any changes that you would like to make. I will compile your responses and meet with Rhonda prior to final publication. I will need to hear from you no later than 1:00 p.m. tomorrow. Again, I apologize for the short notice. They are looking at publication of the report sometime next week.

If you have any questions, please advise.

Sincerely,
Stratton, Hogg & Maddox, PSC



Daniel P. Stratton
Via email: dpstratton@setel.com

DPS/dsm
Enclosure

cc: Mike Spears

LAW OFFICES OF
STRATTON, HOGG & MADDOX, P.S.C.
P.O. BOX 1530
PIKEVILLE, KY 41502
PHONE: (606) 437-7800
FAX: (606) 437-7569
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January 13, 2011

Mr. Brian Lykins, CISA, CSE
State Auditor's Office
209 St. Claire Street
Frankfort, Kentucky 40601

Re: Mountain Water District Audit

Dear Brian:

On behalf of the Mountain Water District Board ("Board"), please be advised this letter is our formal response to the findings and recommendations contained in your Audit of Mountain Water District ("District").

The goal of this response is to address the findings and recommendations presented, and in doing so it is not our intent to either defend or criticize any actions by the prior Board, other than to say that we believe they were dedicated Commissioners who acted in what they believed was the best interest of District at the time when they made the decisions they did.

Further, the Board takes no position on any actions that were taken or not taken by Utility Management Group ("UMG") as we believe it is more appropriate for them to address any issues raised in the audit concerning their actions.

Chapter I
Introduction and Background

The facts set forth in Chapter 1 accurately reflect the chronology of events leading up to the contract with UMG and subsequent amendments thereto. We are not in position to comment one way or the other as to whether or not the auditor had authority to access UMG's records.

STRATTON, HOGG & MADDOX, P.S.C.

January 13, 2011

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**Chapter II
Findings and Recommendations**

Finding 1:

“MWD Board entered into a privatization contract with insufficient planning to determine the benefits to or the financial impact on MWD.”

The Board relied on the recommendation of its superintendent to contract out operations. The Board requested a RFQ/P, as was appropriate. The Board appointed a committee to review the responses to the RFQ/P and they made a recommendation to the Board, which was accepted. A Board can reasonably rely on the recommendations of its management and committees in making a business decision.

The Board does take strong exception to the implications raised that it is bound by KRS 45A.551, being the statute for state agencies to follow in the event of privatization. The contract with UMG is not a privatization of the District, but a management contract. Therefore, KRS 45A.551 is not applicable. While the analysis required under that statute may or may not have been beneficial to MWD, because it is not an applicable statute, there was no basis for considering it.

Recommendation 1:

We agree that any significant contracts should be properly evaluated for the benefits that they will provide to MWD and its customers.

Recommendation 2:

We agree that there should be a complete and thorough analysis of the financial benefit to the District prior to the finalization of a management contract.

Recommendation 3:

We do not concur with the recommendation that MWD follow the “best practices” required in the statute for privatization of public services for the reasons set forth above.

STRATTON, HOGG & MADDOX, P.S.C.

January 13, 2011

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Finding 2:

“The costs to operate MWD services are unknown due to the lack of financial information provided by the vendor.”

While the detail costs to operate the District are not known by the Board, the Board, based on its prior experience and financial records, had a reasonable understanding of what the basic costs were to operate the District. The Board acknowledges that this information would be less reliable over time. Accordingly, prior to the Audit, the Board has provided in its new contract with UMG that the District would be provided monthly and year to date analysis of the costs UMG incurs to operate the district.

The District further provided in its new contract with UMG that prior to any application for a rate increase to the Public Service Commission that UMG would provide all necessary information for such application. The contract also provides that the District would have the opportunity to verify the same during the course of a rate study or an application to the PSC for a rate increase. The District recognizes, and UMG has acknowledged, that prior to any rate increase that the cost information required by the PSC would have to be compiled and verified in order to have a successful application.

Recommendation 1:

We agree that the Board should have access to its costs information and that has been provided for in the new contract.

Recommendation 2:

We respectfully disagree with the recommendation that the Board consider a management fee structure, which provides for an agreed profit margin. While it is a valid option to consider, it doesn't provide the contractor an incentive to control costs, as it turns into a costs plus contract.

In the alternative, the Board has selected a structure that guarantees the District sufficient margin to meet its obligations, and then pays a fixed fee to UMG. Any increase (or decrease) in UMG's fee will be based on future District revenue. Future revenue will be shared on a percentage split (70/30 UMG/MWD). This protects the District from any fee increase in excess of our revenue. There are

STRATTON, HOGG & MADDOX, P.S.C.

January 13, 2011

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some exceptions to this payment structure such as, a change in scope for the contract and natural disaster. This plan insures the District a margin upon which it needs to operate and provides an incentive to UMG to grow revenues and increase efficiencies.

Finding 3:

“Initial contract for management services had a detrimental impact on MWD and the Board failed to act in a timely manner to address the issue.”

The original contract provided that UMG's fees would be increased based on an increase in the customer base. The rationale being that additional customers would increase their costs of operations and that they should reasonably be compensated for that growth in the customer base. As has been explained from the beginning, between July 2005 and April 2009 the District added 3,376 new customers, of which 2,376 were "LMI" customers (lower in moderate income.) The new customer fee paid UMG for each account was \$23.50, base average cost of an account. The District's expenses grew substantially faster than its revenue, because the average "LMI" revenue was only \$18.06, being the minimum fee. This led to the financial issues experienced by the District. It was not reasonable to foresee that we would have this amount of growth in LMI customers and that most of them would be paying the minimum fee which would not cover the cost of servicing the account.

The Board's first meaningful opportunity to act on this issue was three (3) years into the contract when it had the option of cancellation. Until that option became a reality, the ability to effectively negotiate any changes in the contract were de minimus. After the Board did its review of the contract at the end of the three year period, it did elect to renegotiate the contract and upon failing to successfully do so, it terminated the contract. Subsequently UMG came back to the table with a counter-proposal that both sides could accept, so the contract was amended.

The audit correctly finds that the District did not require UMG to provide an audited financial statement to verify its financial stability. While this would be nice to have, UMG, as a private company, has elected not to have an independent audit. An audit in and of itself offers no security to the District. The true protection for the District is provided in UMG's surety bond which is paid to the District if UMG fails to perform under the contract.

STRATTON, HOGG & MADDOX, P.S.C.

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The finding that the management contract lacked clear requirements for many administrative duties resulting in potential conflicts between the interest of MWD and UMG, it is not totally correct. The contract provides that UMG was to operate the District as it had been operated before, assuming all duties of prior management. It is impossible to list everything, as it is easy to leave out important matters. By having a general all inclusive provision then everything is covered. During the term of the first contract, issues arose concerning potential conflicts between the District and UMG. These have been sorted out over time and resolved amicably. It would have been impossible to have anticipated all of such events and these are things that have to be simply worked out over the course of time as they arise. Prior to receipt of this report, the Board had agreed that it was in the best interest of the District to hire an administrator and the Board is developing a job description to that end. Further, we have amended the contract to require UMG's employees to follow all internal controls and policies established by the District and to certify their compliance with the same to the Board at each monthly meeting.

Recommendation 1:

We agree to closely examine all future contracts for compliance with the District's needs.

Recommendation 2:

We respectfully disagree to the recommendation of avoiding automatic fee increases to the extent that it is intended to limit what the District has proposed in its new contract. If we had to renegotiate the fee each year then we are in effect living in a year by year contract. We believe the new structure of shared revenue over a base line protects the best interest of the District.

Recommendation 3:

We agree that the contract terms should be clear, concise and well defined and have tried to do that in the new agreement.

STRATTON, HOGG & MADDOX, P.S.C.

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Recommendation 4:

We agree with the recommendation that the Board should take a more proactive approach to overseeing the operations and management of the District and that the Board should have an administrator working at the direction of the Board and have taken steps in that direction.

Recommendation 5:

We agree with the recommendation to create a finance committee, which is being developed. In addition, the Board is considering the development of an operations committee to oversee operations and new construction.

Recommendation 6:

We agree with the recommendation that we require annual financial audit of UMG, but they have declined to do the same. However, we have provided that the costs be provided to us and that those costs could be verified if there is need to apply to the PSC for a rate increase. UMG has posted a surety bond of One Million Dollars in the new contract, which we believe provides more protection than the audit in and of itself.

Recommendation 7:

We agree that the contractor should follow all internal control policies established by the District. This has not been an issue, but a provision on this issue has been placed in the new contract.

Finding 4:

“Irregularities were identified in the initial MWD contract for operations, management and maintenance and the establishment of the contract bid process was not followed.”

The Board is not in position to agree or disagree with the findings set forth in this section, other than to state that they believe the then Board acted in what the believed was the best interest of the District.

STRATTON, HOGG & MADDOX, P.S.C.

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Recommendation 1:

We agree to review and ensure its understanding of any future RFQ/P before voting to approve advertisement of such.

Recommendation 2:

We agree there should be a conflict of interest policy requiring statements from Board Members and contractors. This policy was developed over a year ago.

Recommendation 3 and 4:

We agree to grade future RFQ/P, consistent with the criteria stated therein. We agree that any analysis of bid proposals should be adequately supported by proper documentation.

Finding 5:

“UMG received payments for services not specified in the contract with MWD without approval by the MWD Board.”

The issues raised concerning payments to District's CPA and UMG were not known to the Board at that time and it was impossible for the Board to know that there was an issue concerning these invoices. It is clear, however, that there was no dispute as to the total amount due and that the Board paid the obligation due and did not pay any more than it should have done under the arrangement.

As to the Elkhorn City Wholesale Contract, while the records do not reflect that compensation for the same was approved, it's the understanding of the Board that there would be additional compensation paid to UMG.

Recommendation 1:

We agree the Board, should carefully examine bills before approving them. Creation of a finance committee to review bills in detail prior to the meeting will assist in that process.

STRATTON, HOGG & MADDOX, P.S.C.

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Recommendation 2:

We agree MWD should have an administrator. The Board is currently developing a job description.

Recommendation 3:

We agree the Elkhorn City water issue should be addressed, and under the new contract, UMG will be paid one base fee which will include services to Elkhorn City.

Finding 6:

“Procurement requirements appear to have been circumvented resulting in \$171,000 for services provided with no contract.”

While the Board does not dispute the findings made herein, it notes that there is no finding that any Board Member knew of or condoned the actions by the then superintendent concerning these events. The Board agrees such actions are improper.

Recommendation 1:

We agree the procurement process should be fully documented. Prior to the Audit, the procurement policy was fully documented and set out in our procedures manual. The Board is also setting up a committee to oversee operations and construction projects which will provide additional oversight to this process, along with the addition of an administrator to help oversee issues such as this.

Recommendation 2 & 3:

We agree that all contract over \$20,000 should be competitively bid, and such agreements based on objective criteria, such as price and qualifications.

Finding 7:

“MWD had not adopted a method to adequately track construction project payments.”

STRATTON, HOGG & MADDOX, P.S.C.

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The Board believes it can rely on the representations and reports of its engineers. While the Board did not review engineering reports and spread sheets on every project, it did receive verbal reports at the Board meeting from the engineers on all projects.

Recommendation 1:

We agree the tracking of construction projects can be improved. To do so, the Board is creating an operations construction committee that will provide a better tracking method of projects.

Finding 8:

“MWD did not comply with Kentucky Open Meetings Law when discussing the decision to contract out the operations of a public entity or renegotiations of the contract.”

The minutes of the meetings speak for themselves as to what occurred at that time. Over a year ago, the Board held a work session at which the Board was provided educational materials concerning the Open Meetings Laws and Open Records Laws. Since that time, there has been no issue or dispute as to the appropriateness of any executive sessions.

Recommendation 1:

We agree that the specific exceptions contained in the Open Meeting Laws should be stated prior to going into executive session.

**Chapter III
Conclusion**

In closing, on behalf of the Board, while we were disappointed in how long it took to complete this audit, we are glad it's finished and the District can move forward with its business. The findings did not show any improper activity on behalf of the Board, with the exception of the Open Meetings procedures. Reasonable minds can differ as to whether the Board made the right decision on all the findings presented, but that can be said about any entity, especially in hind sight.

STRATTON, HOGG & MADDOX, P.S.C.

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Page 10

The Board has already, or is in the process of, adapting all but three of your recommendations, with the exceptions being: 1) application of KRS 45A.551; 2) the structure of the UMG contract; and 3) requiring UMG to do an Audit. The concerns raised by these recommendations have otherwise been addressed.

Sincerely,
Stratton, Hogg & Maddox, PSC

Daniel P. Stratton
email: dpstratton@setel.com

DPS/dsm

cc: Rhonda James
John Collins
Kelsey Friend, III
Ancie Casey
Prentis Adkins
Mike Spears

LAW OFFICES OF
STRATTON, HOGG & MADDOX, P.S.C.

P.O. BOX 1530
PIKEVILLE, KY 41502
PHONE: (606) 437-7800
FAX: (606) 437-7569
www.shmlaw.com

DAVID C. STRATTON
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HENRY D. STRATTON (1925-1989)
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January 14, 2011

Mr. Brian Lykins, CISA, CSE
State Auditor's Office
209 St. Claire Street
Frankfort, Kentucky 40601

Re: Mountain Water District Audit

Dear Brian:

On behalf of the Mountain Water District Board ("Board"), please be advised this letter is our formal response to the findings and recommendations contained in your Audit of Mountain Water District ("District").

The goal of this response is to address the findings and recommendations presented, and in doing so it is not our intent to either defend or criticize any actions by the prior Board, other than to say that we believe they were dedicated Commissioners who acted in what they believed was the best interest of District at the time when they made the decisions they did.

Further, the Board takes no position on any actions that were taken or not taken by Utility Management Group ("UMG") as we believe it is more appropriate for them to address any issues raised in the audit concerning their actions.

All references in this letter to the new UMG contract refers to a proposed agreement that has been negotiated by the District representatives, but as of this date, has not yet been approved by the Board.

Chapter I
Introduction and Background

The facts set forth in Chapter 1 accurately reflect the chronology of events leading up to the contract with UMG and subsequent amendments thereto. We are not in position to comment one way or the other as to whether or not the auditor had authority to access UMG's records.

STRATTON, HOGG & MADDOX, P.S.C.

January 14, 2011

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Chapter II
Findings and Recommendations

Finding 1:

“MWD Board entered into a privatization contract with insufficient planning to determine the benefits to or the financial impact on MWD.”

The Board relied on the recommendation of its superintendent to contract out operations. The Board requested a RFQ/P, as was appropriate. The Board appointed a committee to review the responses to the RFQ/P and they made a recommendation to the Board, which was accepted. A Board can reasonably rely on the recommendations of its management and committees in making a business decision.

The Board does take strong exception to the implications raised that it is bound by KRS 45A.551, being the statute for state agencies to follow in the event of privatization. The contract with UMG is not a privatization of the District, but a management contract. Therefore, KRS 45A.551 is not applicable. While the analysis required under that statute may or may not have been beneficial to MWD, because it is not an applicable statute, there was no basis for considering it.

Recommendation 1:

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Recommendation 2:

We agree that there should be a complete and thorough analysis of the financial benefit to the District prior to the finalization of a management contract.

Recommendation 3:

We do not concur with the recommendation that MWD follow the “best practices” required in the statute for privatization of public services for the reasons set forth above.

STRATTON, HOGG & MADDOX, P.S.C.

January 14, 2011
Page 3

Finding 2:

“The costs to operate MWD services are unknown due to the lack of financial information provided by the vendor.”

While the detail costs to operate the District are not known by the Board, the Board, based on its prior experience and financial records, had a reasonable understanding of what the basic costs were to operate the District. The Board acknowledges that this information would be less reliable over time. Accordingly, prior to the Audit, the Board has provided in its new contract with UMG that the District would be provided monthly and year to date analysis of the costs UMG incurs to operate the district.

The District further provided in its new contract with UMG that prior to any application for a rate increase to the Public Service Commission that UMG would provide all necessary information for such application. The contract also provides that the District would have the opportunity to verify the same during the course of a rate study or an application to the PSC for a rate increase. The District recognizes, and UMG has acknowledged, that prior to any rate increase that the cost information required by the PSC would have to be compiled and verified in order to have a successful application.

Recommendation 1:

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STRATTON, HOGG & MADDOX, P.S.C.

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The Board's first meaningful opportunity to act on this issue was three (3) years into the contract when it had the option of cancellation. Until that option became a reality, the ability to effectively negotiate any changes in the contract were deminimus. After the Board did its review of the contract at the end of the three year period, it did elect to renegotiate the contract and upon failing to successfully do so, it terminated the contract. Subsequently UMG came back to the table with a counter-proposal that both sides could accept, so the contract was amended.

The audit correctly finds that the District did not require UMG to provide an audited financial statement to verify its financial stability. While this would be nice to have, UMG, as a private company, has elected not to have an independent audit. An audit in and of itself offers no security to the District. The true protection for the District is provided in UMG's surety bond which is paid to the District if UMG fails to perform under the contract.

STRATTON, HOGG & MADDOX, P.S.C.

January 14, 2011

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The finding that the management contract lacked clear requirements for many administrative duties resulting in potential conflicts between the interest of MWD and UMG, it is not totally correct. The contract provides that UMG was to operate the District as it had been operated before, assuming all duties of prior management. It is impossible to list everything, as it is easy to leave out important matters. By having a general all inclusive provision then everything is covered. During the term of the first contract, issues arose concerning potential conflicts between the District and UMG. These have been sorted out over time and resolved amicably. It would have been impossible to have anticipated all of such events and these are things that have to be simply worked out over the course of time as they arise. Prior to receipt of this report, the Board had agreed that it was in the best interest of the District to hire an administrator and the Board is developing a job description to that end. Further, we have amended the contract to require UMG's employees to follow all internal controls and policies established by the District and to certify their compliance with the same to the Board at each monthly meeting.

Recommendation 1:

We agree to closely examine all future contracts for compliance with the District's needs.

Recommendation 2:

We respectfully disagree to the recommendation of avoiding automatic fee increases to the extent that it is intended to limit what the District has proposed in its new contract. If we had to renegotiate the fee each year then we are in effect living in a year by year contract. We believe the new structure of shared revenue over a base line protects the best interest of the District.

Recommendation 3:

We agree that the contract terms should be clear, concise and well defined and have tried to do that in the new agreement.

STRATTON, HOGG & MADDOX, P.S.C.

January 14, 2011

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Recommendation 4:

We agree with the recommendation that the Board should take a more proactive approach to overseeing the operations and management of the District and that the Board should have an administrator working at the direction of the Board and have taken steps in that direction.

Recommendation 5:

We agree with the recommendation to create a finance committee, which is being developed. In addition, the Board is considering the development of an operations committee to oversee operations and new construction.

Recommendation 6:

We understand the recommendation to require an audit of UMG, but we believe the surety bond in the new contract provides actual financial protection to the District, while the audit does not.

Recommendation 7:

We agree that the contractor should follow all internal control policies established by the District. This has not been an issue, but a provision on this issue has been placed in the new contract.

Finding 4:

“Irregularities were identified in the initial MWD contract for operations, management and maintenance and the establishment of the contract bid process was not followed.”

The Board is not in position to agree or disagree with the findings set forth in this section, other than to state that they believe the then Board acted in what the believed was the best interest of the District.

STRATTON, HOGG & MADDOX, P.S.C.

January 14, 2011
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Recommendation 1:

We agree to review and ensure its understanding of any future RFQ/P before voting to approve advertisement of such.

Recommendation 2:

We agree there should be a conflict of interest policy requiring statements from Board Members and contractors. This policy was developed over a year ago.

Recommendation 3 and 4:

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Finding 5:

“UMG received payments for services not specified in the contract with MWD without approval by the MWD Board.”

The issues raised concerning payments to District's CPA and UMG were not known to the Board at that time and it was impossible for the Board to know that there was an issue concerning these invoices. It is clear, however, that there was no dispute as to the total amount due and that the Board paid the obligation due and did not pay any more than it should have done under the arrangement.

As to the Elkhorn City Wholesale Contract, while the records do not reflect that compensation for the same was approved, it's the understanding of the Board that there would be additional compensation paid to UMG.

Recommendation 1:

We agree the Board should carefully examine bills before approving them. Creation of a finance committee to review bills in detail prior to the meeting will assist in that process. Starting about a year ago, all bills were attached to checks to be signed.

STRATTON, HOGG & MADDOX, P.S.C.

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Recommendation 2:

We agree MWD should have an administrator. The Board is currently developing a job description, and we now have funding for the position.

Recommendation 3:

We agree the Elkhorn City water issue should be addressed, and under the new contract, UMG will be paid one base fee which will include services to Elkhorn City.

Finding 6:

“Procurement requirements appear to have been circumvented resulting in \$171,000 for services provided with no contract.”

While the Board does not dispute the findings made herein, it notes that there is no finding that any Board Member knew of or condoned the actions by the then superintendent concerning these events. The Board agrees such actions are improper.

Recommendation 1:

We agree the procurement process should be fully documented. Prior to the Audit, the procurement policy was fully documented and set out in our procedures manual. The Board is also setting up a committee to oversee operations and construction projects which will provide additional oversight to this process, along with the addition of an administrator to help oversee issues such as this.

Recommendation 2 & 3:

We agree that all contract over \$20,000 should be competitively bid, and such agreements based on objective criteria, such as price and qualifications.

Finding 7:

“MWD had not adopted a method to adequately track construction project payments.”

STRATTON, HOGG & MADDOX, P.S.C.

January 14, 2011

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The Board believes it can rely on the representations and reports of its engineers. While the Board did not review engineering reports and spread sheets on every project, it did receive verbal reports at the Board meeting from the engineers on all projects.

Recommendation 1:

We agree the tracking of construction projects can be improved. To do so, the Board is creating an operations and construction committee that will provide a better tracking method of projects.

Finding 8:

"MWD did not comply with Kentucky Open Meetings Law when discussing the decision to contract out the operations of a public entity or renegotiations of the contract."

The minutes of the meetings speak for themselves as to what occurred at that time. Over a year ago, the Board held a work session at which the Board was provided educational materials concerning the Open Meetings Laws and Open Records Laws. Since that time, there has been no issue or dispute as to the appropriateness of any executive sessions.

Recommendation 1:

We agree that the specific exceptions contained in the Open Meeting Laws should be stated prior to going into executive session.

**Chapter III
Conclusion**

In closing, on behalf of the Board, while we were disappointed in how long it took to complete this audit, we are glad it's finished and the District can move forward with its business. The findings did not show any improper activity on behalf of the Board, with the exception of the Open Meetings procedures. Reasonable minds can differ as to whether the Board made the right decision on all the findings presented, but that can be said about any entity, especially in hind sight.

STRATTON, HOGG & MADDOX, P.S.C.

January 14, 2011
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The Board has already, or is in the process of, adapting all but three of your recommendations, with the exceptions being: 1) application of KRS 45A.551; 2) the structure of the UMG contract; and 3) requiring UMG to do an Audit. The concerns raised by these recommendations have otherwise been addressed.

Sincerely,
Stratton, Hogg & Maddox, PSC



Daniel P. Stratton
email: dpstratton@setel.com

DPS/dsm

cc: Rhonda James
John Collins
Kelsey Friend, III
Ancie Casey
Prentis Adkins
Mike Spears

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 76 Please reference the Company's response to PSC 1-4, Exhibit 1, the attachment to the December 23, 2010 letter of Hon. Daniel Stratton to Bob Myers of UMG found in the electronic record page 256, Volume 2 of 7. Explain why UMG is submitting, as an independent contractor, items for its break room and computer servers.

WITNESS: Meyer

RESPONSE: It is not clear to UMG which items are being referred to in this question. However, any expense items reported by UMG in this process are considered by UMG to be reasonable and appropriate costs associated with the continuing operation of Utility Management Group, LLC. It is not clear to UMG which break room items are being addressed. As with virtually any other business, UMG's computer systems are a critical part of its business operations and costs associated with them are necessary and routine.

Q 76(a) Are other clients of UMG, other than MWD, billed for portions of the inventory at UMG that you are aware of? If yes, provide documentation. If no, explain in full detail.

WITNESS: Meyer

RESPONSE: If the inventory being referenced here is parts and materials associated with operation of the system, those inventory items are kept separately at each project site and are utilized only for that specific project.

Q 76(b) Do you know what percentage use of these items are allocated to MWD work, and explain how this is tracked. If not tracked, please explain why not.

WITNESS: Meyer

RESPONSE: As indicated above, all parts and material inventory is stored on each project's site and is only used for that project.

Q 76(c) Do the employees at UMG use the capital assets purchased by Mountain Water on other projects. If no, how is this verified? If yes, please describe how those shared costs are allocated among the various clients of UMG.

WITNESS: Meyer

RESPONSE: No

CASE : Mountain Water District

CASE NO : 2014-00342

RE : Atty General Second Data Request

Q 77. Please reference the Company's application generally. Does MWD have the ability to remove purchases from UMG's billing invoices monthly, if those purchases are less than \$250.00? If yes, please describe the process for questioning an expense and/or removal of inappropriately assigned capital expenditures or purchases.

- a. Has MWD ever refused to pay any portion of a UMG billing invoice? Please explain the answer in full detail.

WITNESS : Sawyers.

RESPONSE : 77

Pursuant to Section 2.25 of the contract dated March 27, 2014, MWD does have the ability to remove purchases for tools less than \$250 from UMG's billing invoices. The purpose of this provision is to give UMG an incentive to employees to be responsible for tools and other items in which they are entrusted. UMG must also replace capital assets less than \$1,500. The Finance Administrator reviews all expenses, and if an inappropriate one appears, she, or the District Administrator, reviews it with UMG.

RESPONSE : 77(a)

Some prior bills have been disputed, which lead to the contract amendment referenced above. Time did not permit us to identify examples.

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General Second Data Request

Q 78. Please reference the Company's application generally. Does MWD have the ability to remove purchases from UMG's billing invoices monthly, if those purchases are more than \$250.00? If yes, please describe the process for questioning an expense and/or removal of inappropriately assigned capital expenditures or purchases.

- a. Has MWD ever refused to pay any portion of a UMG billing invoice? Please explain the answer in full detail.

WITNESS : Sawyers.

RESPONSE : 78

See Response No. 77.

RESPONSE : 78(a)

See Response No. 77(a).

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General Second Data Request

Q 79. Please reference the Company's application generally. Explain MWD's position on whether or not purchases made on MWD's behalf by UMG are exempt from sales tax, and the source of reliance on your interpretation of the Tax Code.

- a. Has MWD ever had to pay sales tax on purchases made by UMG that would have been exempt from sales tax if purchased directly by MWD? If yes please describe the nature of the purchase, and the amount of sales tax paid.
 - i. If yes, would this not be a direct increase of expenses that ratepayers must pay?
- b. Provide in full detail the nature of the sales tax exemption for MWD.

WITNESS : Sawyers.

RESPONSE : 79(a)

No.

RESPONSE : 79(a)(i)

Not applicable.

RESPONSE : 79(b)

As a governmental agency, we are exempt from sales tax.

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 80 Please provide a copy of the 2007 Audit completed by Griffith Delany Hilman and Company that was distributed at the September 24, 2008 Board Meeting of MWD.

WITNESS: Sawyers

RESPONSE: Please see Exhibit 80

Exhibit 80

MOUNTAIN WATER DISTRICT

REPORT OF AUDIT

DECEMBER 31, 2007

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Griffith, DeLaney, Hillman & Company

CERTIFIED PUBLIC ACCOUNTANTS

429 - 13th Street, P.O. Box 1360
Ashland, Kentucky 41105-1360
(606) 329-1656
(800) 377-6270
FAX: (606) 324-4739

DAVID GRIFFITH, CPA
MICHAEL DELANEY, CPA
LACY NEAL HILLMAN, CPA
JONATHAN E. LETT, CPA

BEVERLY SUE PEMBERTON, CPA
CHERYL GRIFFITH BRAMMELL, CPA
KIMBERLY PAYNE CURTIS, CPA

INDEPENDENT AUDITORS' REPORT

July 22, 2008

The Board of Commissioners
Mountain Water District
Pikeville, Kentucky

We have audited the accompanying financial statements of the business-type activities of Mountain Water District, as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Mountain Water District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Mountain Water District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Mountain Water District, as of December 31, 2007 and December 31, 2006, and the respective changes in financial position and cash flows where applicable, thereof for the years ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 22, 2008 on our consideration of Mountain Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

The management's discussion and analysis on pages 3-5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mountain Water District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Mountain Water District. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.


GRIFFITH, DELANEY, HILLMAN & COMPANY

MOUNTAIN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

Our discussion and analysis of the Mountain Water District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2007. Please read it in conjunction with the accompanying basic financial statements. It is our intent that this discussion provide all parties interested in the District's financial condition, especially the users of the facilities, a better understanding of the District's operations and financial status.

The District reports its financial statements in a required model format issued by the Governmental Accounting Standards Board.

Financial Highlights

- Net assets decreased this year by \$1,636,662 from operating activities and before capital contributions.
- The District's total long-term debt decreased by \$1,467,241 with additional loan proceeds of \$570,222 and payment on the outstanding principal of \$749,477, and assumption of debt of \$1,287,986 by City of Pikeville as part of an agreement to transfer waste water assets.
- The District was able to make the following purchases:
 1. Significant water and sewer line extensions to the outlying areas of Pike County.
 2. Assorted new equipment for treatment plant and distribution system to facilitate daily operations.

Overview of the Financial Statements

The District's basic financial statements include: (1) fund financial statements, and (2) notes to the financial statements. These financial statements present information about business-type activities, which consists principally of the fees the District charges its users to cover all or most of the cost of the services it provides.

MOUNTAIN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Fund Financial Statements

The fund financial statements provide detailed information about the proprietary fund. When the District charges customers for services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows for proprietary funds.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Reporting on the District as a Whole

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of this year's activities?" The Statement of Fund Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets report information about the District as a whole and about its activities in a way that helps answer this question.

Our discussion begins with an analysis of overall revenues and expenses and their treatment. An overwhelming majority of the District's revenue is received from charges for services.

The District's total revenues increased from a year ago by \$520,038 (5.3%) while total cost of all programs and services (including depreciation) increased by \$361,258 (3.8%). A decrease in interest earnings can be attributed to decreasing interest rates from January 1, 2007 to December 31, 2007. This trend is expected to remain approximately the same through the next fiscal year end.

Financial Analysis of the District's Proprietary Fund

At year-end, the District's proprietary fund reported total net assets of \$50,950,924, which is a increase of \$1,743,856 or 3.5% from last year.

Capital Assets

As noted above, the District was able to make several capital asset purchases through additional debt.

As noted above, the book value of these assets transferred to City of Pikeville is \$2,608,050 and the related debt was \$1,287,986 and the reduction in equity in the form of contributions in aid was \$1,452,895.

MOUNTAIN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Debt/Advances in Construction

At year-end, the District had various bond/notes payables to various lenders with a combined remaining balance of \$16,723,684 to be paid from utility revenues.

As of December 31, 2007, the District had received advances for construction towards projects not completed in the amount of \$23,384,055. During 2007, various construction projects were completed allowing the advances for construction from the prior year in the amount of \$6,410,558 to be transferred to capital contributions from government grants.

Contacting the District's Financial Management

This financial report is designed to provide our customers, creditors, and other users with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Treasurer, at the Mountain Water District, P. O. Box 3157, Pikeville, KY 41502, telephone number (606) 631-9162.

MOUNTAIN WATER DISTRICT
STATEMENTS OF FUND NET ASSETS
DECEMBER 31, 2007 AND 2006

	<u>ASSETS</u>	
	<u>2007</u>	<u>2006</u>
<u>CURRENT ASSETS</u>		
Petty Cash	\$ 320	\$ 320
Cash In Bank	94,745	10,642
Customer Accounts Receivable Less Allowance For Uncollectible Accounts of \$52,000 and \$40,000, respectively	771,906	797,000
Accounts Receivable Construction In Progress	199,866	-0-
Prepaid Expenses	<u>304,722</u>	<u>284,500</u>
<u>TOTAL CURRENT ASSETS</u>	<u>1,371,559</u>	<u>1,092,462</u>
<u>RESTRICTED ASSETS</u>		
Cash-Depreciation Reserve	7,964	445,970
Cash-Construction	672,893	580,178
Cash-Customer Deposits	371,558	380,531
Cash-Operation and Maintenance Reserve	204	102,427
Cash-Wastewater Operation and Maintenance Reserve	17	13,859
Cash-Sinking Fund	<u>796</u>	<u>4,457</u>
<u>TOTAL RESTRICTED CASH</u>	<u>1,053,432</u>	<u>1,527,422</u>
Capital Assets (Net)	<u>65,023,854</u>	<u>63,222,285</u>
Construction in Progress	<u>24,412,446</u>	<u>21,000,478</u>
<u>OTHER ASSETS</u>		
Deposits on Leased Vehicles	<u>625</u>	<u>625</u>
<u>TOTAL ASSETS</u>	<u>\$ 91,861,916</u>	<u>\$ 86,843,272</u>

MOUNTAIN WATER DISTRICT
STATEMENTS OF FUND NET ASSETS
DECEMBER 31, 2007 AND 2006
"CONTINUED"

LIABILITIES AND NET ASSETS

	<u>2007</u>	<u>2006</u>
<u>CURRENT LIABILITIES</u>		
Bank Overdraft	\$ -0-	\$ 23,465
Accounts Payable	131,197	22,149
Accounts Payable, Construction in Progress	17,650	92,771
Accounts Payable Mall Charge Collection	43,832	36,907
Other Accrued Liabilities	16,764	17,114
Accrued Interest	282,956	230,821
Customer Deposits	310,854	329,831
Bonds Payable, Current	258,000	232,500
Notes Payable and Capital Leases, Current	<u>956,263</u>	<u>2,333,005</u>
<u>TOTAL CURRENT LIABILITIES</u>	<u>2,017,516</u>	<u>3,318,563</u>
<u>OTHER LIABILITIES</u>		
Bonds Payable, Long-Term	10,802,500	9,569,300
Notes Payable and Capital Leases, Long-Term	4,706,921	6,056,119
Advances For Construction	<u>23,384,055</u>	<u>18,692,212</u>
<u>TOTAL OTHER LIABILITIES</u>	<u>38,893,476</u>	<u>34,317,631</u>
<u>TOTAL LIABILITIES</u>	<u>40,910,992</u>	<u>37,636,194</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	49,328,561	47,339,627
Restricted for:		
Construction	655,243	487,407
Depreciation, Maintenance, and Replacement	81,593	566,713
Customer Deposits	60,704	50,700
Unrestricted	<u>824,823</u>	<u>762,631</u>
<u>TOTAL NET ASSETS</u>	<u>\$ 50,950,924</u>	<u>\$ 49,207,078</u>

MOUNTAIN WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>OPERATING REVENUE</u>		
Metered Sales-Residential	\$ 5,767,199	\$ 5,221,060
Metered Sales-Commercial	607,573	615,563
Metered Sales-Industrial	48,293	43,405
Metered Sales-Public Authorities	275,488	318,044
Metered Sales-Multi-Family	197,756	201,976
Fire Protection Revenue	1,150	1,200
Customer Late Payment Charges	200,649	158,013
Other Water Service Revenue	110,650	307,302
Service Connection Fees	71,474	84,617
Sewage Revenue	<u>839,581</u>	<u>855,994</u>
<u>TOTAL OPERATING REVENUE</u>	<u>8,119,813</u>	<u>7,807,174</u>
<u>OPERATING EXPENSES</u>		
Contract Service-Management	6,718,222	6,332,862
Depreciation	2,465,454	2,342,537
Bad Debt	75,066	64,802
Contract Service-Accounting	53,312	54,765
Compensation-Commissioners	30,000	29,000
Contract Service-Legal	18,723	22,801
Service Fees	4,988	-
Auto and Transportation	3,287	271
Education, Dues and Meetings	2,579	349
Settlement Fees	2,503	17,097
Advertising	1,808	1,044
Payroll Taxes	570	2,874
Building Rental	25	25
Insurance	-	19,259
Contract Service-Engineering	-	1,523
Materials And Supplies	-	1,212
Contract Service-General	-	44,706
Regulatory	<u>-</u>	<u>13,076</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>9,376,537</u>	<u>8,948,203</u>
<u>OPERATING LOSS</u>	<u>(1,256,724)</u>	<u>(1,141,029)</u>
<u>NON-OPERATING REVENUE (EXPENSES)</u>		
Gain On Sale Of Assets	163,902	49,949
Interest Income	42,170	46,975
Interest Expense	<u>(586,010)</u>	<u>(653,086)</u>
<u>TOTAL NON-OPERATING REVENUE (EXPENSES)</u>	<u>(379,938)</u>	<u>(556,162)</u>
<u>LOSS BEFORE CAPITAL CONTRIBUTIONS AND OTHER CHANGES IN NET ASSETS</u>	<u>(1,636,662)</u>	<u>(1,697,191)</u>

The accompanying notes are an integral part of the financial statements. 8

MOUNTAIN WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
"CONTINUED"

	<u>2007</u>	<u>2006</u>
<u>CAPITAL CONTRIBUTIONS AND OTHER CHANGES</u>		
<u>IN NET ASSETS</u>		
Capital Contributions from:		
Government Grants	4,650,558	2,323,658
Other Sources	2,600	58,200
Customers through Tap-on Fees	180,245	104,628
Transfer of Equity in Capital Assets (see note 14)	<u>(1,452,895)</u>	<u>-</u>
<u>TOTAL CAPITAL CONTRIBUTIONS AND</u>		
<u>OTHER CHANGES IN NET ASSETS</u>	<u>3,380,508</u>	<u>2,486,486</u>
<u>CHANGE IN NET ASSETS</u>	1,743,846	789,295
<u>NET ASSETS, BEGINNING OF YEAR</u>	<u>49,207,078</u>	<u>48,417,783</u>
<u>NET ASSETS, END OF YEAR</u>	<u>\$50,950,924</u>	<u>\$49,207,078</u>

MOUNTAIN WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers	\$ 8,094,719	\$ 7,689,884
Payments to Suppliers	(7,033,943)	(6,414,580)
Payments to Employees	<u>(30,000)</u>	<u>(29,000)</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>1,030,776</u>	<u>1,246,304</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING</u>		
<u>ACTIVITIES</u>		
(Decrease) Increase In Customer Deposits	<u>(18,977)</u>	<u>32,692</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>		
<u>FINANCING ACTIVITIES</u>		
Proceeds From Tap-On Fees	180,245	104,628
Contributions in Aid of Construction	4,653,158	2,381,858
Increase in Advances for Construction	4,691,843	5,265,862
Purchases of Utility Plant in Service	(231,215)	(132,173)
(Decrease) in Construction in Progress	(9,915,926)	(7,492,693)
Principal Payments	(749,477)	(2,039,372)
Interest Payments	(533,875)	(657,169)
Proceeds of Bank Loan	430,312	1,024,912
Proceeds from sale of vehicles	31,079	-0-
Gain from Sale of Utility Plant Assets	<u>-0-</u>	<u>49,949</u>
<u>NET CASH USED BY CAPITAL AND RELATED</u>		
<u>FINANCING ACTIVITIES</u>	<u>(1,443,856)</u>	<u>(1,494,198)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest Income	<u>42,170</u>	<u>46,975</u>
<u>NET DECREASE IN CASH</u>	<u>(389,887)</u>	<u>(168,227)</u>
<u>CASH, BEGINNING OF YEAR</u>	<u>1,538,384</u>	<u>1,706,611</u>
<u>CASH, END OF YEAR</u>	<u>\$ 1,148,497</u>	<u>\$ 1,538,384</u>

MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(CONTINUED)

	<u>2007</u>	<u>2006</u>
<u>RECONCILIATION OF OPERATING LOSS</u>		
<u>TO NET CASH PROVIDED BY</u>		
<u>OPERATING ACTIVITIES</u>		
Operating Loss	\$(1,256,724)	\$(1,141,029)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	2,465,454	2,342,537
Decrease In Provision For Uncollectible Accounts	12,000	(1,000)
Decrease (Increase) In:		
Customer Accounts Receivable	13,094	118,290
Accounts Receivable Construction In Progress	(199,866)	-0-
Inventory	-0-	131,190
Prepaid Expenses	(20,222)	(265,201)
Increase (Decrease) In:		
Bank Overdraft	(23,465)	23,465
Accounts Payable:		
Trade	109,048	(10,669)
Construction in Progress	(75,121)	18,205
Mall Charge Collection	6,925	21,529
Other Accrued Liabilities	(347)	8,987
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 1,030,776</u>	<u>\$ 1,246,304</u>

NON-CASH CAPITAL AND RELATED FINANCING
ACTIVITIES

Net Book value of assets transferred to City of Pikeville.	\$ <u>2,608,052</u>	\$ <u>-0-</u>
Debt assumed by City of Pikeville that relates to assets transferred.	\$ <u>1,287,986</u>	\$ <u>-0-</u>
Equity in form of contributions in aid of construction that relates to assets Transferred to City of Pikeville.	\$ <u>1,452,895</u>	\$ <u>-0-</u>
During the period the Company purchased vehicles in exchange for long-term debt.	\$ <u>139,910</u>	\$ <u>214,550</u>
During the period the Company completed certain construction projects that were transferred to capital assets.	\$ <u>6,503,957</u>	\$ <u>4,462,521</u>

MOUNTAIN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Mountain Water District ("the District") conform to generally accepted accounting principles as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant policies:

A. Organization

Mountain Water District is a political subdivision of the Pike County Fiscal Court, organized under Chapter 74 of the Kentucky Revised Statutes. It was formed from a merger of four existing water districts-Marrowbone Water District, Shelby Valley Water District, Pond Creek Water District, and John's Creek Water District - on June 30, 1986, and at that time assumed all assets and liabilities of the existing water districts.

The territorial limits of Mountain Water District, set by the Pike County Judge/Executive on January 20, 1987, are all of Pike County except: (1) the territory of that portion of the Sandy Valley Water District located in Pike County, (2) the water service area of the City of Pikeville, and (3) special financing relationships.

B. Reporting Entity

The District is the basic level of government which has financial accountability and control over all activities related to the District. The District is not included in any other governmental "reporting entity" as defined by the GASB pronouncement. The Board of Commissioners have decision making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters. There are no component units as defined in GASB Statement 14 which are included in the District's reporting entity.

C. Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate.

Proprietary Funds/Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for accountability, capital maintenance, public policy, management control, or other purposes.

MOUNTAIN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
"CONTINUED"

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when obligations are incurred.

E. Encumbrance Accounting

The District does not use encumbrance accounting. Since effective budgetary control and accountability and cash planning and control can be facilitated without encumbrance accounting, this is not considered a significant departure from generally accepted accounting principles. There were no unperformed contracts in process at year end which otherwise might have resulted in the need to encumber estimated expenditures.

F. Customer Accounts Receivable

Customer accounts receivable are stated at face value, less allowance for uncollectible accounts. Changes in the allowance are charged to operating expense.

G. Capital Assets

Capital assets, which included property, plant and equipment, are reported in the fund financial statements at historical cost.

Depreciation is recorded as an allocated expense in the Statement of Revenues, Expenses and Changes in Fund Net Assets with accumulated depreciation reflected in the Statement of Fund Net Assets. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives range from 3 to 40 years.

Capital additions, improvements and major renewals are capitalized, whereas maintenance, repairs and minor renewals are charged to expenses when they are incurred. In the case of disposals, the assets and related reserves are removed from the accounts and the net amount less any proceeds from disposals, is charged or credited to revenues.

H. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

I. Bad Debts

Bad debts are recognized using the reserve method of accounting for uncollectible accounts.

J. Inventory

Inventory is valued at lower of cost or market on a First-In, First-Out basis.

MOUNTAIN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
"CONTINUED"

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Use Of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. Investment Policy

The District's policy is to invest available funds in the following:

1. Obligations of the U.S. and of its agencies and instrumentalities.
2. Obligations and contract for future delivery or purchases of obligations backed by the full faith and credit of the U.S. or a U.S. Government agency, including but not limited to:
 - a) United States Treasury
 - b) Export-Import Bank of the United States
 - c) USDA-Rural Development
 - d) Government National Mortgage Corporation, and
 - e) Merchant Marine bonds
3. Obligations of any corporation of the U.S. Government
4. Certificate of deposit issued by or other interest bearing accounts of any bank or savings and loan institution which are issued by the Federal Deposit Insurance Corporation or similar entity of which are collateralized, to the extent uninsured, by any obligation permitted by section 41.240(4) of the Kentucky revised statutes.
5. Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one of the three highest categories by a nationally recognized rating agency.
6. Bankers' Acceptances for banks rated in one of three highest categories by a nationally recognized rating agency.
7. Commercial paper rated in the highest categories by a nationally recognized rating agency.
8. Bonds or certified of indebtedness of the Commonwealth of Kentucky and of its agencies or instrumentalities.
9. Securities issued by a state or local Government, or any instrumentality or agency thereof, in the U.S., and rated in one of the three highest categories by a nationally recognized rating agency.
10. Shares of mutual funds, which contain certain characteristics.

Limitations on investments transactions are limited in amount in one category to 20% of the total funds invested and no investment shall be purchased on a margin basis.

The District is currently invested only in interest bearing accounts of local federally insured financial institutions, including interest bearing checking accounts and certificates.

MOUNTAIN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
"CONTINUED"

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Leave Policy-Vacation

Prior to July 3, 2005, the District allowed full-time employees to accrue vacation leave as follows: (a) five (5) days during the first year of employment; (b) ten (10) days per year during the next four years of employment; (c) fifteen (15) days per year after five (5) years of employment; and, upon termination, the employee was paid for accrued vacation leave up to the employee's earned vacation leave for a two-year period.

On July 3, 2005, the District entered into a management service agreement with a company to manage all daily operations for the District. Under this agreement, all employees are employed by the management service company.

N. Leave Policy-Sick Leave

Prior to July 3, 2005, the District's policy permitted hourly employees to accumulate one (1) sick day per month. Employees were paid one half of unused sick days upon termination of employment.

On July 3, 2005, the District entered into a management service agreement with a company to manage all daily operations for the District. Under this agreement, all employees are employed by the management service company.

O. Advertising Costs

The Company expenses advertising costs as incurred. Total advertising costs charged to expense for the years ended December 31, 2007 and 2006 are \$1,808 and \$1,044 respectively.

P. Equity Classifications

In the fund financial statements, equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets - Consists of net assets with constraints place on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

MOUNTAIN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
"CONTINUED"

2. EMPLOYEE RETIREMENT SYSTEM

On July 3, 2005, the District entered into a management service agreement with a company to manage all daily operations for the District. Under this agreement, all employees are employed by the management service company.

3. FIXED ASSETS

The following is a summary of changes in fixed assets:

<u>Description</u>	<u>Balance January 1 2007</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance December 31 2007</u>
Supply & Pumping	\$ 3,206,373	\$ -	\$ -	\$ 3,206,373
Water Treatment Equipment	5,606,923	-	-	5,606,923
Transmission & Distribution	64,450,113	6,724,411	-	71,174,524
General Plant	4,329,138	139,910	216,318	4,252,730
Land and Land Rights	516,208	-	-	516,208
Sewer Utility Plant	8,391,003	-	3,174,936	5,216,067
Sewer General Plant	<u>127,784</u>	<u>10,761</u>	<u>-</u>	<u>138,545</u>
Totals	86,627,542	<u>\$6,875,082</u>	<u>\$ 3,391,254</u>	90,111,370
Accumulated Depreciation	<u>(23,405,257)</u>			<u>(25,087,516)</u>
Net Utility Plant	<u>\$63,222,285</u>			<u>\$65,023,854</u>

Depreciation expense was \$2,465,454 and \$2,342,537 for the years ended December 31, 2007 and 2006, respectively.

4. CONSTRUCTION IN PROGRESS

Mountain Water District has overseen several construction projects. As of December 31, 2007, the following projects were in progress:

Water Projects

Ferrell Creek	\$ 1,225,972
Groundwater Studies	34,000
Various In-House Projects	3,875,455

Sewer Projects

Phelps/Buskirk	8,762,892
Shelby Valley	7,094,916
Henry Clay	7,599
Calloway Sewer	652,785
Cowpen Sewer	1,959,679
Various In-House Projects	<u>799,148</u>

Total Construction in Progress \$24,412,446

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
"CONTINUED"

RESTRICTED ASSETS AND RESERVED NET ASSETS (CONTINUED)

The District is required by debt covenants to pay into and maintain a Depreciation Reserve Fund, a Repair and Maintenance Fund and Operation and Maintenance Fund. These amounts may be used for extraordinary maintenance expenses related to the project or for costs of replacing worn or obsolete portions of the project. If amounts are withdrawn from said funds, the District must make required periodic deposits until the required balance is reinstated.

	Maximum Required Balance	Required Balance at 12/31/07	Actual Balance at 12/31/07
Depreciation Reserve	\$ 735,000	\$ 478,500	\$ 7,964
Repairs and Maintenance Fund	847,418	504,654	17
<u>Total</u>		\$ 1,131,174	\$ 8,185

The Repair and Maintenance Fund required by Kentucky Infrastructure Authority (KIA) loan agreements is underfunded by \$504,637. This deficiency resulted from not making scheduled deposits to the reserve and from transfers to the operating account to make loan payments on several debt obligations. Such disbursements do not meet the criteria for appropriate withdrawals indicated by the KIA loan agreements.

The Depreciation Reserve Fund required by USDA - Rural Development (RD) loan agreements is underfunded by \$470,536. This deficiency resulted from not making scheduled deposits to the reserve and from transfers to the operating account to make loan payments on several debt obligations. Such disbursements do not meet the criteria for appropriate withdrawals indicated by the RD loan agreements.

8. BONDS PAYABLE

	<u>2007</u>	<u>2006</u>
<u>Shelby Waste Water Project Bond</u>		
The 4.125% sewer system revenue bonds issued July 22, 2005 in the original amount of \$740,000 are payable to USDA-Rural Development to the year 2045. The bonds are secured by a statutory mortgage lien on the utility plant in service and a pledge of all water revenues from the system	\$ 732,500	\$ 740,000
<u>Consolidation Bond</u>		
The 4.5% revenue bonds issued January 12, 1999 in the original amount of \$2,540,000 are payable to USDA-Rural Development to the year 2039. The bonds are secured by a statutory mortgage lien on the utility plant in service and a pledge of all water revenues from the system.	2,317,000	2,349,500

MOUNTAIN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
"CONTINUED"

BONDS PAYABLE (CONTINUED)

Mossy Bottom Project

The 4.5% revenue bonds issued 1998 in the original amount of \$176,000 are payable to USDA-Rural Development to the year 2035. The bonds are secured by a statutory mortgage lien on the utility plant in service and a pledge of all water revenues from the system.

-0- 161,300

Elkhorn Creek Water Project

The 4.5% revenue bonds issued August 1995 in the original amount of \$1,344,000 are payable to USDA-Rural Development to the year 2035. The bonds are secured by a statutory mortgage lien on the utility plant in service and a pledge of all water revenues from the system.

1,164,000 1,184,000

Indian Creek Project

The 4.5% revenue bonds issued June 1994 in the original amount of \$662,000 are payable to USDA-Rural Development to the year 2032. The bonds are secured by a secondary statutory mortgage lien on the utility plant service and a pledge of all water revenues from the system.

551,000 562,000

Series B-Shelby Valley

The 5% revenue bonds issued June 20, 1990 in the original amount of \$500,000 are payable to the USDA-Rural Development in semi-annual installments to the year 2021. The bonds are secured by a statutory mortgage lien on the Shelby Valley utility plant in service and a pledge of all water revenues from Shelby Valley customers. These bonds were issued to refund the Shelby Valley Water District Bonds.

315,000 331,000

Phelps Waste Water Project Bond

The 4.5% sewer system revenue bonds issued October 23, 2003 in the original amount of \$426,000 are payable to USDA-Rural Development to the year 2043. The bonds are secured by a statutory mortgage lien on the utility plant in service and a pledge of all water revenues from the system.

417,000 421,500

MOUNTAIN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
"CONTINUED"

BONDS PAYABLE (CONTINUED)

Grapevine Water Project

The 5% revenue bonds issued March 18, 1988 in the original amount of \$500,000 for the Grapevine Water Project are payable to USDA-Rural Development in semi-annual installments to the year 2027. The bonds are secured by a secondary statutory mortgage lien on the utility plant in service and a secondary pledge of all water revenues from the system.

368,000 379,000

Waterworks Revenue Bonds

The 4.5% sewer system revenue bonds issued March 19, 2004 in the original amount of \$1,760,000 are payable to USDA-Rural Development to the year 2020. The bonds are secured by a statutory mortgage lien on the utility plant in service and a pledge of all water revenues from the system.

1,587,000 1,675,500

Dorton Water Project

The 5% revenue bonds issued February 1992, in the original amount of \$1,488,000 are payable to USDA-Rural Development to the year 2030. The bonds are secured by a secondary statutory mortgage lien on the utility plant in service and a pledge of all water revenues from the system.

1,193,000 1,220,000

Fedscreek Project

The 3.5% revenue bonds issued July 2002 in the original amount of \$800,000 are payable to USDA-Rural Development to the year 2035. The bonds are secured by a secondary statutory mortgage lien on the utility plant in service and a pledge of all water revenues from the system.

766,000 778,000

Johns Creek

The 4.125% revenue bonds issued November 2005 in the original amount of \$1,650,000 are payable to USDA-Rural Development to the year 2027. The bonds are secured by a secondary statutory mortgage lien on the utility plant in service and a pledge of all water revenues from the system.

1,650,000 -0-

Total bonds

11,060,500 9,801,800

Less current portion

258,000 232,500

Long term bonds payable

\$10,802,500 \$ 9,569,300

MOUNTAIN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
"CONTINUED"

BONDS PAYABLE (CONTINUED)

Maturities of these long-term bonds are as follows:

	<u>Principal</u>	<u>Interest</u>
2009	\$ 268,500	\$ 471,315
2010	283,500	459,117
2011	293,500	446,290
2012	310,500	432,949
2013-2017	1,767,500	1,941,198
2018-2022	1,838,000	1,516,148
2023-2027	1,598,500	1,154,521
2028-2032	1,653,500	776,220
2033-2037	1,398,000	435,418
2038-2042	1,041,000	165,015
2043-2045	350,000	19,573
	<u>\$10,802,500</u>	<u>\$ 7,817,764</u>

9. NOTES PAYABLE AND CAPITAL LEASES

	<u>2007</u>	<u>2006</u>
<u>Kentucky Infrastructure Authority-Mountaintop Bakery</u> The 3.3% note issued February 1992 in the original amount of \$186,711, payable in semi-annual installments of \$6,413, with payments through the year 2023, secured by water revenues from the system.	\$ 53,233	\$ 58,679
<u>Kentucky Infrastructure Authority-Multi-Area</u> The 2.9% note issued June 1994 in the original amount of \$5,165,093, payable in semi-annual installments of \$129,479, with payments through the year 2023, secured by water revenues from the system.	3,376,775	3,456,141
<u>Kentucky Infrastructure Authority-Indian Creek</u> The 3.0% note issued June 1994 in the original amount of \$337,760, payable in semi-annual installments of \$8,577, with payments through the year 2023, secured by water revenues from the system.	221,961	227,131
<u>Kentucky Infrastructure Authority-Mossy Bottom</u> The 1.3% note issued June 1994 in the original amount of \$444,167, payable in semi-annual installments of \$12,646, with payments through the year 2018, secured by water revenues from the system.	-0-	292,054
<u>Kentucky Infrastructure Authority-F01-07</u> The 1.8% note issued January 2002 in the original amount of \$1,197,072, payable in semi-annual of \$35,769, with payments through the year 2024, secured by water revenues from the system.	1,043,684	1,069,824

MOUNTAIN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
"CONTINUED"

9 NOTES PAYABLE AND CAPITAL LEASES (CONTINUED)

Kentucky Infrastructure Authority-A00-003

The 1.8% note issued June 2002 in the original amount of \$1,116,574, payable in semi-annual installments of \$33,370, with payments through the year 2022, secured by water revenues from the system.

-0- 873,921

Kentucky Infrastructure Authority-A03-06

The 1.0% note issued June 2004 in the original amount of \$226,776, payable in semi-annual installments of \$6,846, with payments through the year 2023, secured by water revenues from the system.

163,572 167,839

Community Trust Bank

A purchase agreement, original balance \$19,779 at 5.69% interest; secured by a vehicle; payments are \$380 for 60 months, maturing December 2009.

8,933 12,856

Community Trust Bank

A purchase agreement, original balance \$19,327 at 5.76% interest; secured by a vehicle; payments are \$370 for 60 months, maturing December 2009.

8,715 12,550

Community Trust Bank

A line of credit in the amount of \$900,000; at 7.5% interest, secured by an assignment of Coal Severance Tax Allocation.

299,462 468,718

Community Trust Bank

A lease-purchase agreement, original balance \$12,640 at 7.33% interest, secured by vehicle; payments are \$479 for 36 months, maturing July 2010.

11,028 -0-

Kentucky Rural Water Finance Corporation -
Interim Financing

This note represents the authorized aggregate principal amount of \$1,650,000 for the purpose of obtaining funds to finance on a interim basis the cost of construction of extensions, additions and improvements to the existing water system. The United States of America, acting through Rural Development has agreed to purchase the Bonds.

-0- 1,219,688

Community Trust Bank

A lease-purchase agreement, original balance \$17,841 at 5.250% interest; secured by vehicle; payments are \$414 for 48 months, maturing August 2009.

8,274 12,310

MOUNTAIN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
"CONTINUED"

NOTES PAYABLE AND CAPITAL LEASES (CONTINUED)

Community Trust Bank

A lease-purchase agreement, original balance \$32,930 at 8.09% interest; secured by vehicle; payments are \$685 for 60 months maturing March 2011.

22,565 28,554

Community Trust Bank

A lease-purchase agreement, original balance \$18,446 at 9.41% interest; secured by vehicle; payments are \$590 for 36 months maturing August 2009.

10,370 16,255

Community Trust Bank

A lease-purchase agreement, original balance \$14,179 at 9.57% interest; secured by vehicle; payments are \$455 for 36 months, maturing September 2009.

7,985 12,519

Community Trust Bank

A lease-purchase agreement, original balance \$20,603 at 9.36% interest; secured by vehicle; payments are \$659 for 36 months, maturing September 2009.

11,568 18,137

Community Trust Bank

A lease-purchase agreement, original balance \$31,400 at 7.17% interest; secured by vehicle; payments are \$626 for 60 months maturing November 2012.

24,638 30,230

Community Trust Bank

A lease-purchase agreement, original balance \$31,400 at 7.17% interest; secured by vehicle; payments are \$626 for 60 months maturing November 2012.

24,638 30,230

Community Trust Bank

A lease purchase agreement, original balance \$36,089 at 7.14% interest, secured by vehicle; payments are \$719 for 60 months, maturing November 2012.

28,302 34,198

Community Trust Bank

A lease purchase agreement, original balance \$12,640 at 7.33% interest, secured by a vehicle; payments are \$479 for 36 months, maturing July 2010.

11,028 -0-

Chrysler Financial

A lease-purchase agreement, original balance \$18,500 at 5.92% interest; secured by a vehicle; payments are \$357 for 60 months, maturing June 2007.

-0- 2,105

MOUNTAIN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
"CONTINUED"

NOTES PAYABLE AND CAPITAL LEASES (CONTINUED)

Chrysler Financial

A lease purchase agreement, original balance \$18,500 at 5.92% interest; secured by a vehicle; payments are \$357 for 60 months, maturing May 2007.

-0- 2,105

General Motors Acceptance Corp.

A lease purchase agreement, original balance \$28,300 at 5.41% interest; secured by a vehicle; payments are \$539 for 60 months, maturing July 2007.

-0- 4,229

Chrysler Financial

A lease purchase agreement, original balance \$23,600 at 5.77% interest; secured by a vehicle; payments are \$454 for 60 months, maturing July 2007.

-0- 3,553

Chrysler Financial

A lease purchase agreement, original balance \$23,600 at 5.77% interest; secured by a vehicle; payments are \$454 for 60 months, maturing July 2007.

-0- 3,553

Community Trust Bank

A note in the amount of \$330,020; at 4.33% interest, secured by accounts receivable; payments are \$6,126 for 60 months, maturing September 2009.

22,540 91,141

Community Trust Bank

A lease-purchase agreement, original balance \$24,614 at 6.42% interest; secured by a vehicle; payments are \$368 for 60 months, maturing December 2012.

23,698 -0-

Community Trust Bank

A lease-purchase agreement, original balance \$19,090 at 6.42% interest; secured by one vehicle; payments are \$368 for 60 months, maturing December 2012.

19,090 -0-

General Motors Acceptance Corp.

A lease-purchase agreement, original balance of \$22,300 at -0-% interest; secured by vehicle; payments are \$372 for 60 months, maturing June 2008.

2,602 7,062

MOUNTAIN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
"CONTINUED"

9. NOTES PAYABLE AND CAPITAL LEASES (CONTINUED)

Community Trust Bank

A lease-purchase agreement, original balance \$70,772 at 6.990% interest; secured by a vehicle; payments are \$1,405 for 60 months, maturing May 2012.

62,718 -0-

Community Trust Bank - Line of Credit

A line of commitment in the amount of \$210,000; at 5.25% interest; secured by an assignment of accounts receivable from Federal Emergency Management Agency (FEMA).

39,502 39,502

Chrysler Financial

A lease purchase agreement, original balance \$16,172 at 5.57% interest; secured by a vehicle; payments are \$310 for 60 months, maturing February 2009.

4,476 7,838

Chrysler Financial

A lease purchase agreement, original balance \$19,474 at 5.76% interest; secured by a vehicle; payments are \$375 for 60 months, maturing June 2009.

6,759 10,742

Community Trust Bank

A lease purchase agreement, original balance \$24,777 at 5.59% interest; secured by a vehicle; payments are \$474 for 60 months, maturing August 2009.

9,412 14,435

Brandeis Machinery and Supply Company

A lease purchase agreement, original balance \$29,503 at 4.50% interest; secured by equipment; payments are \$1,070 for 24 months, maturing February 2008.

2,127 14,560

Case Credit

A lease purchase agreement, original balance \$44,843 at 5.50% interest; secured by equipment; payments are \$853 for 60 months, maturing August 2009.

17,279 26,289

Community Trust Bank - Line of Credit

A line of commitment in the amount of \$175,000; at 5.250% interest; secured by an assignment of accounts receivable due and payable from Federal Emergency Management Agency (FEMA).

107,375 107,375

MOUNTAIN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
"CONTINUED"

9. NOTES PAYABLE AND CAPITAL LEASES (CONTINUED)

Community Trust Bank

A lease-purchase agreement, original balance \$19,779 at 5.25% interest; secured by vehicle; payments are \$376 for 60 months, maturing December 2009.

	<u>8,875</u>	<u>12,801</u>
Total notes payable	5,663,184	8,389,124
Less current portion	<u>(956,263)</u>	<u>(2,333,005)</u>
 Total long term debt	 <u>\$4,706,921</u>	 <u>\$6,056,119</u>

Maturities of the long-term debt and capital leases are as follows:

	<u>Principal</u>	<u>Interest</u>	
2009	\$ 357,527	\$ 125,462	
2010	320,179	113,483	
2011	312,936	102,805	
2012	277,220	93,825	
2013-2017	1,422,948	361,636	
2018-2022	1,620,324	166,634	
2023-2024	<u>395,787</u>	<u>7,807</u>	
	<u>\$ 4,706,921</u>	<u>\$ 971,652</u>	

10. ADVANCES FOR CONSTRUCTION

The amount in this account represents advances for construction projects in progress as of December 31, 2007:

Water Projects

Ferrell's Creek	
Abandoned Mine Land	\$ 1,225,972
AML Groundwater Studies:	
Abandoned Mine Lands Grant	34,000
Federal Emergency Management Agency	140,254
In House Projects	3,565,836

Sewer Projects

Phelps/Buskirk Sewer Project:	
EPA Grant	3,000,001
Community Development Block Grant	1,000,000
Rural Development Grant	600,000
Appalachian Regional Commission	300,000
Pride Grant	884,000
U.S. Army Corps of Engineers	390,065
Local Monies	137,300
COE Section 531	622,098
Governor's Office for Local Development	159,375
Pride Grant	294,000
Coal Severance	987,000
Shelby Valley Sewer Project:	
Local Monies	400,000
Coal Development Funds	800,000

MOUNTAIN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
"CONTINUED"

10. ADVANCES FOR CONSTRUCTION (CONTINUED)

Pride Grant	500,000
EPA Grant	2,200,000
Coal Severance Funds Phase II	1,505,006
Appalachian Regional Commission	480,000
Pride Grant	125,000
Rural Development Grant	370,000
Cowpen Sewer Project	
Rural Development Loan	900,000
EPA Grant	916,159
City of Pikeville	143,120
Calloway Sewer Project	
Kentucky Infrastructure Authority	648,122
Henry Clay Sewer Project	
COE Section 531	7,599
Private Funding	<u>1,049,148</u>
<u>Total Advances for Construction</u>	<u>\$23,384,055</u>

11. DEPOSITS WITH FINANCIAL INSTITUTIONS

At December 31, 2007, the carrying amount of the District's deposits with financial institutions was \$1,494,068 and the bank balance, per statements was \$1,809,436. The bank balance is categorized as follows:

Amount insured by the FDIC	\$ 500,000
Amount collateralized by securities held by the third party trust company in the District's name	1,309,436
Uncollateralized	<u>0</u>
<u>Total Bank Balance</u>	<u>\$ 1,809,436</u>

Pledged collateral was obtained for amounts up to \$2,044,743 for money on deposit at Community Trust Bank in the name of Mountain Water District.

Pledged collateral was obtained for amounts up to \$250,000 for money on deposit at BB & T Bank in the name of Mountain Water District.

12. COMMITMENTS AND CONTINGENCIES

The District has been committed to several construction projects that have not been either started or completed as of the date of this report.

13. MANAGEMENT SERVICE AGREEMENT

On July 3, 2005, the District entered into a 5 year agreement with a management service company to manage the daily operations, water facilities and waste water facilities for the District. Total management fees paid for this service for the year ended December 31, 2007 were \$7,292,682 less certain expenses assumed by the management service company totaling \$574,460, resulting in net payments of \$6,718,222.

MOUNTAIN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
"CONTINUED"

13. MANAGEMENT SERVICE AGREEMENT (CONTINUED)

The following is a schedule of future minimum payments due under the service agreement:

Year Ending December 31:	
2008	\$ 6,819,000
2009	6,819,000
2010	<u>3,409,500</u>
Total Minimum Payments	<u>\$17,047,500</u>

14. TRANSFER OF ASSETS, RELATED DEBT, AND EQUITY

On June 30, 2007, Mountain Water District transferred a portion of its sewer collection system to the City of Pikeville. Pikeville assumed ownership of the transferred facilities totaling \$1,287,986, as well as, the current customers, which number approximately 370. The transfer of these assets will allow Pikeville to expand its wastewater services to areas outside its current service area and take advantage of the available capacity in its existing wastewater treatment facilities and benefit from the economies of scale associated with the consolidated service and increased customer base. In addition, the transfer of these assets and debt will allow Mountain Water to relocate its existing Mossy Bottom Treatment Plant to another community in its service area which does not have access to sewer facilities. Mountain Water will avoid the cost of a new treatment plant and will be relieved of the existing debt on the Mossy Bottom Sewer Collection System and related facilities.

The net book value of the assets transferred was \$2,608,050 and the related debts were \$ 1,287,986. The transfer resulted in a gain of \$132,831 and a reduction in equity in the form of contributions in aid of construction of \$1,452,895.

15. RECLASSIFICATIONS

Certain amounts in prior year financial statements have been reclassified for comparative purposes to conform with presentation in the current year financial statements.

Griffith, DeLaney, Hillman & Company

CERTIFIED PUBLIC ACCOUNTANTS

JL DAVID GRIFFITH, CPA
HN MICHAEL DELANEY, CPA
TRACY NEAL HILLMAN, CPA
JONATHAN E. LETT, CPA

BEVERLY SUE PEMBERTON, CPA
CHERYL GRIFFITH BRAMMELL, CPA
KIMBERLY PAYNE CURTIS, CPA

429 - 13th Street, P.O. Box 1360
Ashland, Kentucky 41105-1360
(606) 329-1656
(800) 377-6270
FAX: (606) 324-4739

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

July 22, 2008

Board of Commissioners
Mountain Water District
Pikeville, KY

We have audited the financial statements of the business-type activities of Mountain Water District as of and for the year ended December 31, 2007, which collectively comprise Mountain Water District's basic financial statements and have issued our report thereon dated July 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mountain Water District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mountain Water District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Mountain Water District's internal control over financing reporting.

Our consideration of internal control over financing reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Mountain Water District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Mountain Water District's financial statements that is more than inconsequential will not be prevented or detected by Mountain Water District's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financing reporting.

2007-1:

The Repair and Maintenance Fund required by Kentucky Infrastructure Authority (KIA) loan agreements is underfunded by \$504,637. This deficiency is the results from not making scheduled deposits to the reserve and transfers to the operating account to make loan payments on several debt obligations. Such disbursements do not meet the criteria for appropriate withdrawals indicated by the KIA loan agreements.

2007-2:

The Depreciation Reserve required by Rural Development of the Department of Agriculture of the United States (RD) loan agreements is underfunded by \$470,536. This deficiency is the results from not making scheduled deposits to the reserve and transfers to the operating account to make loan payments on several debt obligations. Such disbursements do not meet the criteria for appropriate withdrawals indicated by the RD loan agreements.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Mountain Water District's internal control.

Our consideration of the internal control over financial reporting was the limited purpose described in the first paragraph of the section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 2007-1 and 2007-2 to be material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mountain Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in item 2007-1 and 2007-2.

This report is intended solely for the information of the board of directors, management and others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


GRIFFITH, DELANEY, HILLMAN & COMPANY

MOUNTAIN WATER DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF TREASURY</u>			
Passed through the USDA/Rural Development			
Rural Utilities Service Loan - John's Creek	10.760		\$ 246,930
Appalachian regional Commission Grant - John's Creek	23.002		291,065
Rural Development Grant - John's Creek	10.760		547,056
Rural Development Grant - Cowpen Waste Water	10.760		250,000
Rural development Bond - John's Creek	10.760		<u>1,650,000</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>2,985,051</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Passed through the Pike County Abandoned Mine Land			
Reclamation Program-Pike County Fiscal Court	15.252		<u>1,148,972</u>
Ferrell Creek			
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Environmental Protection Agency -			
Shelby Waste Water Project	66.606		30,547
Cowpen Waste Water project	66.606		<u>916,159</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			946,706
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Department of the Army, Office of the Chief Engineers			
COE Section 531 - Phelps/Buskirk Waste Water Project	12.104		51,267
Federal Emergency Management Agency	97.036		<u>105,190</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			156,457
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Community Development Block Grant	14.228		<u>50,001</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,287,187</u>

See accompanying notes to schedule of expenditures of federal awards.

Griffith, DeLaney, Hillman & Company

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DAVID GRIFFITH, CPA
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BEVERLY SUE PEMBERTON, CPA
CHERYL GRIFFITH BRAMMELL, CPA
KIMBERLY PAYNE CURTIS, CPA

429 - 13th Street, P.O. Box 1360
Ashland, Kentucky 41105-1360
(606) 329-1656
(800) 377-6270
FAX: (606) 324-4739

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

July 22, 2008

Board of Commissioners
Mountain Water District
Pikeville, Kentucky

COMPLIANCE

We have audited the compliance of Mountain Water District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2007. Mountain Water District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Mountain Water District's management. Our responsibility is to express an opinion on Mountain Water District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mountain Water District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Mountain Water District's compliance with those requirements.

In our opinion, Mountain Water District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

INTERNAL CONTROL OVER COMPLIANCE

The management of Mountain Water District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Mountain Water District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, we do not express an opinion on the effectiveness of Mountain Water District's internal control over compliance.


A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirements of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of the section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Mountain Water District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Mountain Water District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, and others within the entity, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.


GRIFFITH, DELANEY, HILLMAN & COMPANY

MOUNTAIN WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weakness(es)? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered to be material weakness(es)? None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

MAJOR PROGRAMS:	CFDA NUMBER
U.S. Department of Treasury	
- Rural Utilities Service Loan and Grants	10.760
- Rural Development Grant	23.002
U.S. Department of Interior	
- Abandoned Mine Land Reclamation	15.252
U.S. Environmental Protection Agency	
- Capitalization Grant for State Revolving Funds	66.606
U.S. Department of Defense	
- Grants for Public Works and Economic Development	12.104
- Federal Emergency Management Agency	97.036
U.S. department of Housing and Urban Development	14.228

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 81 How many households are currently on the wait list for installation and service by MWD for both water and sewer?

WITNESS: Sawyers

RESPONSE: The actual number of households would be difficult to give until funding is available to determine the size of any project. Once funding is available then the District can determine if the project could be complete in its entirety or be constructed in phases. Please refer to Q 50 for Magisterial District locations lacking water service. Please refer to Q 48 for request of sewer service locations.

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 82 Please describe, or provide a map of the boundary lines for water and sewer provision that exist between the City of Pikeville and Mountain Water District.

WITNESS: Sawyers

RESPONSE: Please see attached map noted as Exhibit 82.

Q 82(a) Please describe the areas of expansion of Mountain Water District in new sewer service that are adjacent to the City of Pikeville's Sewer Lines.

WITNESS: Sawyers

RESPONSE: The District currently has no proposed projects at this time.

Q 82(b) Please explain the additional capacity for sewer expansion under the current structure maintained by UMG or MWD, and if additional customers are able to be served under the current structure without capital improvements to the existing plants.

WITNESS: Sawyers

RESPONSE: The District cannot provide service to any sewer expansion without capital improvements or replacement of its existing plants.

Q 82(c) Please describe any new sewer expansion that is not adjacent to the City of Pikeville, and describe its location.

WITNESS: Sawyers

RESPONSE: Douglas Wastewater Treatment Plant – Shelby Valley – Proposed replacement of the existing wastewater treatment plant; Belfry / Pond Sewer Project – Belfry – Proposed construction of a wastewater treatment plant and collection system.

CASE : Mountain Water District

CASE NO : 2014-00342

RE : Atty General Second Data Request

Q 83. Would UMG be eligible for rural low interest grants or rural water service loans if the applications were made in the name of the company rather than MWD's name?

WITNESS : Sawyers.

RESPONSE :

UMG would not be eligible for rural low interest grants, or water service lines, if the applications were made in the name of the company, rather than in MWD's name.

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General Second Data Request

Q 84. Who first offered the \$500,000 payment as a condition of the 2008-2009 initial contract extension, and did the contract term get introduced by MWD or by UMG?

- a. In what context was this offer made, as a loan or advance?
- b. Was this money used to pay off the loan to Community Trust?
- c. What was the interest rate of the loan with Community Trust that was paid off?
- d. If those funds were used for other items, please describe where they were applied.

WITNESS : Sawyers. Information provided by local counsel.

RESPONSE : 84

As a part of the 2008 negotiations, to entice the Board to not cancel the contract, UMG offered the \$500,000 loan, amortized over five (5) years, with a five percent (5%) interest rate.

RESPONSE : 84(a)

The context of the offer was a forgivable loan amortized over a five (5) year period. If the contract were terminated within that period, the amortized balance at the time of termination would be due in full to UMG.



RESPONSE: 84(b)

RESPONSE: 84(c)

RESPONSE: 84(d)



CASE : Mountain Water District

CASE NO : 2014-00342

RE : Atty General Second Data Request

Q 85. Please reference the Company's application generally. The contract with UMG was extended, and as relayed in the Board meeting minutes, the decision to extend was based in part by additional funds that might become available through contacts UMG had discussed, in the amount of a \$1,000,000.00 grant and \$750,000 award. After the contract was executed, did those monies and grants ever materialize?

- a. Please itemize from what source those monies were originated from.
- b. Please describe which entity was requesting the funds, UMG or MWD, or if it was a joint request.
- c. Whether those applications or requests for funds had been in process at the time of the 2008-2009 contract negotiation or were obtained thereafter.
- d. Describe what projects were funded with those monies, and what contractor performed the work under those projects.

WITNESS : Sawyers. Information provided by local counsel.

RESPONSE : 85

At the time of the negotiations, Greg May, a principle of UMG, represented to MWD's Board that UMG was in position to help petition on behalf of the District, various grants and coal severance funds that may be available to the District. It is not possible to determine what influence, if any, Mr. May had on MWD receiving any funds.

RESPONSE : 85(a)

See Response No: 85.



RESPONSE : 85(b)

See Response No: 85.

RESPONSE : 85(c)

See Response No: 85.

RESPONSE : 85(d)

See Response No: 85.



CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General Second Data Request

Q 86. Please see generally, responses to PSC 1-3, found in the electronic record at page 246 of Volume 1 of 7, and review Pike County Magistrate Chris Harris's statements at the April 3, 2009 Board Meeting, under Agenda Item II:

- a. Describe what steps if any were taken by MWD to ensure that none of the District's funds were involved in the alleged mismanagement of funds by UMG that resulted in a Federal Criminal Indictment referenced in Clay Mason's affidavit.
- b. Provide a copy of Clay Mason's affidavit that was handed out at the April 13, 2009 Board meeting.

WITNESS : Sawyers. Information provided by local counsel.

RESPONSE : 86(a)

MWD has no way of knowing whether or not funds that it paid to UMG pursuant to its contract, were used in any improper way. Once funds are paid to UMG, they become the property of UMG, and are out of MWD's control. MWD's audit of its books have not shown any inappropriate use of MWD's funds by UMG or anyone else.

RESPONSE : 86(b)

We do not have a copy and the minutes do not reflect that a copy of the affidavit was handed out.

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General Second Data Request

Q 87. If no steps were taken to ensure that MWD's funds weren't involved in the alleged mismanagement of funds by UMG, please explain why the Board has not conducted such a review.

WITNESS : Sawyers. Information provided by local counsel.

RESPONSE : 87

See Response No: 86(a).

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General Second Data Request

Q 88. Prior to entry into the original contract with UMG, the District had over \$900,000 in reserve for emergencies. Please describe what limitations were put upon the reserve funds, and how they were drawn down under UMG's management.

WITNESS : Sawyers. Information provided by local counsel.

RESPONSE : 88

The \$900,000 in reserves was not for emergencies per say, but were funding requirements of the various bonding agencies in which MWD had loans or other agreements. The funds could be drawn down if needed for payments if cash flow was short. No funds were drawn down under UMG's management direction. However, when MWD was short money to pay UMG and other vendors during the initial three (3) year period of the contract (2005-2008), MWD's Board authorized drawdowns of those funds to meet its obligations. Since 2008, those funds have been restored, and the current balance in reserve is \$1.4 million.

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General Second Data Request

Q 89. Please describe all other funding opportunities that have been reviewed by MWD that are available from SOAR, or any other low-interest rate grant that were available to rural utilities. If no review has been taken, please explain why not.

WITNESS : Sawyers.

RESPONSE: 89

MWD is not aware of any other funding opportunities that have been made available from SOAR or any other low interest grants that are available to rural utilities. Most grants or loans are project specific. In other words, if we were seeking to build a water or sewer plant, then MWD could apply for a grant or loan for that purpose. Loans of that nature are funded through the additional revenue created by the expansion or a special rate increase. We have no knowledge of any grants or loans that are solely for operational purposes, or for purposes of replacing aging infrastructure.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Question 90

1. Please describe under what process the MWD receives Coal Severance Funds.
 - a. In what amount?
 - b. How often?
 - c. Are these funds tied to a particular project, or are they used as general operating funds.
 - d. Would UMG be eligible for any or all of these Coal Severance Fund projects if it applied on its own, in its own name?

WITNESS: Spears

RESPONSE:

Mountain Water District applies for Coal Severance and prioritizes our projects we would like to complete. This list is provided to the Fiscal Court and is combined with their list of projects. The Court then prioritizes this combined list and submits. Depending on the Coal Severance Funds available, we are awarded projects based there approval.

- a) Various amounts based on approval as explained above.
- b) We apply annually.
- c) These funds are project specific, however with KIA approval if funds are left over they will transfer them to another project, usually geographically located near the original project.
- d) No, UMG is not eligible to bid on our construction projects. These projects are advertised and bid accordingly. UMG by resolution is ineligible to bid on these projects.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Question 91

Please describe what financial benefits MWD may obtain as a non-profit utility, that would be otherwise unavailable to UMG as a for profit company, that UMG in turn directly benefits from?

WITNESS: Spears

RESPONSE:

Mountain Water as a non-profit is not subject to Sales and Use tax on its purchases. Mountain Water purchases our own supplies and parts and is reimbursed per contract by UMG. This also applies to vehicles and equipment that are in the District's name. I do not believe UMG benefits from this as it is part of the Districts Operations.

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General Second Data Request

Q 92. Please describe what money would have been owed by MWD to UMG at the time of the 2008-2009 contract negotiations if the Board elected to cancel the UMG contract?

- a. What money would be owed by MWD to UMG at the end of the 2015 contract if the Board elects to cancel the UMG contract? If so, please provide detailed information.

WITNESS : Sawyers.

RESPONSE : 92

The balance due to UMG had the contract been terminated in 2008 was \$144,000, based on minutes of April 3, 2009.

RESPONSE : 92(a)

None.

Q 93 How much money today is owed to UMG by MWD?

WITNESS: Sawyers

RESPONSE: As of 03/18/15 MWD owes UMG a total of \$ 969,707.49.

Q 93(a) What is the money owed for?

WITNESS: Sawyers

RESPONSE: The \$969,707.49 consists of 3 payments.

Q 93(b) What are the repayment terms?

WITNESS: Sawyers

RESPONSE: They will be paid as soon as the cash flow will allow the District to make those payments.

Q 93(c) What portion of these outstanding loans has ever been forgiven? What was the scheduled rate for forgiveness?

WITNESS: Sawyers

RESPONSE: There are no outstanding loans.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Question 94

1. Please list by date and amount any money that MWD ever borrowed from UMG and describe what the money was used for.

WITNESS: Spears

RESPONSE:

1. The only money borrowed directly from UMG was the \$500,000 which was borrowed in April 2009. The money was deposited to UMG Sinking Fund account was used to pay bond payments the due in May and June.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Question 95

1. Both the \$1,500,000.00 in startup costs in 2005, and the \$500,000 loan at the time of contract renewal in 2009 were described as "forgiven" by UMG over time. Please describe the purpose of these loans. Further, provide the terms of "forgiveness" and how that was reflected in MWD's Balance Sheets?

WITNESS: Spears

RESPONSE:

- \$1,500,000 was never a loan to the district. That was something that was internal to UMG is my recollection. Their response previously was that it was money that UMG used to capitalize when they took over the operations of the District.
- \$500,000 was a loan. It was used to pay bond payments is my recollection. The loan was forgiven over 5 years per amortization in the Contract with UMG. Amounts representing principle payments were included in the Contract Management Expenses Assumed Category on the Financials. The appropriate category Note Payable to UMG on the Balance Sheet was reduced likewise.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General Second Data Request

Question 96

1. Were any payments directly made to UMG by MWD for any of those loans that were to be "forgiven" or were the balances reduced for each month under the terms of the "forgiveness" of these loans?

WITNESS: Spears

RESPONSE:

1. All of the note was forgiven and no payments were made to UMG on that loan.

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 97 Please see responses to PSC 1-8 where the list of Major R&M Equipment, Hand Tools R&M, and PS/LS R&M are listed and explain if these expenses are all for equipment maintained by UMG.

WITNESS: Sawyers

RESPONSE: The expense list applies to repair and maintenance; hand tools, equipment, parts and supplies for the water and sewer division. UMG maintains equipment and hand tools they utilize to perform daily operations. Larger components and parts are part of the infrastructure UMG maintains when repairs are necessary.

Q 97(a) Are these costs in addition to the monthly R&M fee to UMG as described in the Contract?

WITNESS: Sawyers

RESPONSE: No

Q 97(b) Who is responsible for approving these R&M costs, and what oversight is given to these expenses?

WITNESS: Sawyers

RESPONSE: The District's Financial and District Administrator reviews the R&M invoices upon submittal and the District's Board of Commissioners review and approve the invoices at their monthly meeting.

Q 97(c) Is there any oversight given as to whether these hand tools are exclusively used by Mountain Water District contractors, or if these are proportional expenses borne by all of UMG's contractors. If not, please explain why not.

WITNESS: Sawyers

RESPONSE: UMG personnel are responsible for hand tools that are assigned to their department and are to utilize those tools directly for Mountain Water District. There is no system in place to monitor the use of hand tools. The District at this time as had no reason to implement such a program.

Case: Mountain Water District

Case No: 2014-00342

RE: Attorney General Second Data Request

Q 98 Please list end of year totals for repairs and maintenance, both for UMG's contract R&M monthly flat fee, and additional monies paid to UMG by Mountain Water in excess of the monthly fee for the years 2008, 2009, 2010, 2011, 2012, 2013 and 2014.

WITNESS: Sawyers

RESPONSE: Please See Exhibit 98

Exhibit 98

CONTRACT YEAR	OPERATIONAL EXPENSE	R&M EXPENSE BUDGET	ACTUAL R&M
2005 <i>(6 months)</i>	\$ <u>3,125,375.00</u>	\$ <u>228,072.00</u>	\$ <u>208,041.10</u>
2006	\$ <u>6,525,598.00</u>	\$ <u>456,144.00</u>	\$ <u>566,836.00</u>
2007	\$ <u>6,551,727.50</u>	\$ <u>456,144.00</u>	\$ <u>480,061.00</u>
2008	\$ <u>6,948,348.54</u>	\$ <u>456,144.00</u>	\$ <u>516,895.69</u>
2009	\$ <u>6,728,079.00</u>	\$ <u>493,976.00</u>	\$ <u>633,808.00</u>
2010	\$ <u>6,590,172.00</u>	\$ <u>512,892.00</u>	\$ <u>538,438.00</u>
2011	\$ <u>7,068,000.00</u>	\$ <u>564,000.00</u>	\$ <u>692,565.86</u>
2012	\$ <u>6,996,000.00</u>	\$ <u>564,000.00</u>	\$ <u>645,002.00</u>
2013	\$ <u>7,018,401.00</u>	\$ <u>564,000.00</u>	\$ <u>668,856.71</u>
2014	\$ <u>7,111,200.00</u>	\$ <u>569,640.00</u>	\$ <u>704,353.22</u>

Case: Mountain Water District
Case No: 2014-00342
RE: Attorney General Second Data Request

Q 99 Please see response to PSC-1-8A, Volume 3 of 7, under the Operating Account, and describe what the monthly checks from the Customer Deposit Escrow Account made payable to Mt. Water District Oper. are for?

WITNESS: Sawyers

RESPONSE: These checks are to transfer the amount that was applied to the customer's account after twenty-four months of good standing.

Q 99(a) Are these funds being utilized as Intercompany Transfers? Explain in full detail.

WITNESS: Sawyers

RESPONSE: Yes, the checks payable to Mountain Water District from the Mountain Water Customer Deposit Escrow Account for any customer deposit that were applied to the customer account.

Q 99(b) Where were these funds transferred to, and why were they transferred from the customer deposit account? Explain in full detail.

WITNESS: Sawyers

RESPONSE: The funds are transferred back to the general operating accounting. The reason they are transferred is because at the end of the 24 months if a customer's account is in good standings, then we apply the deposit back to their account. After all deposits are applied then the total of all applied is transferred back into the operating account.

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General Second Data Request

Q 100. Are all the increased revenues requested in this Rate Increase going to be handed over as profit to UMG?

WITNESS : Sawyers.

RESPONSE : 100

The increased revenue requested by this rate increase is not going to be handed over as profit to UMG. UMG has a fixed price contract, so their payment cannot be changed unless the contract is amended or renewed. It is anticipated that MWD will use the money to pay past, present and future repair and maintenance expenses, and to make needed capital repairs to the District's water and sewer infrastructure.